ADDIS ABABA UNIVERSITY

COLLEGE OF DEVELOPMENT STUDIES

INSTITUTE OF REGIONAL AND LOCAL DEVELOPMENT STUDIES

THE ROLE OF DECENTERALIZATION IN BUILDING REGIONAL AND LOCAL INSTITUTIONS IN THE HARARI PEOPLES' NATIONAL REGIONAL STATE

BY

ABDULHAMID ABUBEKER

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Addis Ababa

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By
Abdulhamid Abubeker

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Abdulhamid Abubeker

Approved by the Examining Board: Signature

1. W/ Aberash Teshome _____ _____
(Chairman)

2. Dr Meheret Ayenew _____ 22 July 2008
(Advisor)

3. Feate Mandefro _____ 22/07/08
(Internal Examiner)

4. Paulos Chomi _____ 22/07/08
(External Examiner)

DEDICATION

TO MAM,

ASHUT SALIH

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ACRONYMS

BoAPR	: Bureau of Advertising and Public Relation
BoARD	: Bureau of Agriculture and Rural Development
BoCTA	: Bureau of Culture, Tourism and Advertising
BoE	: Bureau of Education
BoECB	: Bureau of Education and Capacity Building
BoFED	: Bureau of Finance and Economic Development
BoH	: Bureau of Health
BoJS	: Bureau of Justice and Security
BoPED	: Bureau of Planning and Economic Development
BoTIUD	: Bureau of Trade, Industry and Urban Development
CSRP	: Civil Service Reform Program
CSA	: Central Statistics Authority
DLDP	: District Level Decentralization Program
ECSC	: Ethiopian Civil Service College
EMI	: Ethiopian Management Institute
EPRDF	: Ethiopia Peoples Revolutionary Democratic Front
FCSC	: Federal Civil Service Commission
FDRE	: Federal Democratic Republic of Ethiopia
FHPR	: Federal House of Peoples Representatives
F.Y.	: Fiscal Year
HCSC	: Harari Civil Service Commission
HMI	: Harari Management Institute
HNA	: Harari National Assembly
HNL	: Harari National League
HPDP	: Harari Peoples' Democratic Party.
HPNRS	: Harari Peoples National Regional State
HPRA	: Harari Peoples Representatives Assembly
HPRC	: Harari Peoples Regional Council
ICT	: Information and Communication Technologies

JSRP	: Justice System Reform Program
KAAs	: *Kebele* Area Administrations
MEDaC	: Ministry of Economic Development and Cooperation
MoCB	: Ministry of Capacity Building
MoFA	: Ministry of Federal Affairs
MoFED	: Ministry of Finance and Economic Development
NUPI	: National Urban Planning Institute
N.A	: Not Available
N.B	: Note Be
OPDO	: Oromo Peoples Democratic Organization
PAs	: Peasant Associations
PSCAP	: Public Sector Capacity Programme
RLDS	: Regional and Local Development Studies
SNNPRS	: Southern Nations, Nationalities and People Regional State
TGE	: Transitional Government of Ethiopia
TSRP	: Tax System Reform Program
UDAs	: Urban Development Associations
UDP	: United Democratic Party
UMCBP	: Urban Management Capacity Building Program
UNDP	: United Nations Development Program
WB	: World Bank

ABSTRACT

Though the policy of decentralization is aimed at bringing government closer to the citizens in the HPNRS, it is still at a very early stage and thus demands a great deal of efforts for realizing significant changes. This study gives an examination of the contribution effective decentralization policy play in building regional and local institutions in the HPNRS. It looks for establishing whether enough political, administrative, fiscal and human resource management power have been devolved and if not outlines the challenges to this procedure. Questions herein, *inter alia*, are has the devolved powers and responsibilities have been institutionalized? If yes, to what extent, if not what went wrong?

A triangulation method was used to collect data in this study. One hundred fifty respondents filled survey questionnaire, twenty five informants were interviewed which is accompanied by focus group discussion and documentary review. The findings indicate that bringing government closer to the citizen has occurred in a sense that there is a mechanism to empower the Harari as well as other nationalities in the regional government as compared to local government.

Nevertheless, the legally pronounced objectives have not been successfully achieved since the important preconditions pertinent to institution-building such as political commitment, availability and access to resource, capacity of implementing agencies, effective inter-governmental relationships, and planned and coordinated capacity building efforts are not effectively fulfilled. This study recommends that the regional government should be committed to decentralizing power, authorities, functions and resources to the sub-regional institutions. This should be accompanied by building implementing capacity of regional as well as local institutions.

KEY WORDS: Decentralization: Institution: Regional Institutions: Local Institutions: Institution-building: Capacity: Capacity Building: Harari Peoples' National Regional State.

CHAPTER ONE

Introduction

1.1. Background of the Study

The aftermath of cold war ushered in a dramatic shift in the behavior of governments and political process in various African counties. The crusade for democratizing the political and socio-economic structures, institutions, and state-society relations featured for improved political stability and entrenchment of economic development in Africa and else where in the Third World (Kassahun 2000:1). In this connection, the realm of politics in general and government in particular encountered sustained attacks and criticism from different quarters. The influence of the state in political, economic and social affairs of African societies faced severe challenges from domestic social forces and political movements demanding institutional and economic reforms (Kassahun 2000:1).

Specifically, the failure of institutions in Africa, encompassing those of the state, private and civil society, has been an important theme in much of the debate on African development in recent years. In a fundamental sense, the crisis of African development can be said to be a crisis of its institutions (Wohlgemuth 1998:6). As a result, there is a growing recognition in Africa of the importance of decentralization, and regional and local level development to stimulate local and regional economies and to relaunch development on a more indigenous, sustainable and equitable basis (Tegegn and Asfaw 2002:21). The post-colonial states in Africa were characterized by excessive central control on social and economic forces. The reason was that government activities were rapidly expanding, leading to a bloated bureaucracy and inefficient public sector (Kassahun 2000:1). It was thus argued that such trends stifled local autonomy, economic efficiency and opportunities for popular participation of citizens in decisions affecting their lives.

Consequently, the discourse with regard to democratization in Africa reinforced the ideas of transferring and/or delegating some of the responsibilities of government to the lower levels of administration. This was aimed at "transforming hegemonic states and authoritarian political life into a democratic variant" which "involve a process of democratizing political, administrative and economic powers to units of government or non-government entities" (Kassahun 2000:8). Similarly, the policy of decentralization may be pursued to promote efficiency of government institutions through broad popular participation, creation of institutional capacity as well as spatial equity in the distribution of political and administrative powers for development decision-making to reduce poverty at grass root level (Nsibambi 1998:9 and Kwasi 2005:9). This implies that decentralization is the system of government which lays down the structures for political, functional, financial and administrative authority of lower level institutions representing identified socio-cultural, political as well as territorial interests.

As Kassahun (2000:9) further state, "the linkage between government and appropriate decentralization of functions and powers of national government is strongly emphasized as a crucial variable in the transition to democracy." In this regard, Rester and Kanet (1997 cited in Kassahun 2000) argue that "autonomous local governments are (...) significant in establishing the link between popular participation, legitimacy, and democratic government."

In the case of Ethiopia, the political systems under successive regimes of the past were noted for their restrictions on space for local self-rule and institutional development. As a result, the local governments lacked autonomy, which resulted in the absence of citizen's participation in the affairs of government of matters that directly affected them and adversely affected the democratization process. For a country with such strong tradition of centralism, there is no doubt that the recent departure represents a major turning point in the area of the contemporary Ethiopian politics. Given the diversity of our ethnic and cultural groups whose relationships are loaded with incompatibilities that could pose potential and actual threats of peace and stability and the recent turbulent history of our country, the logic of decentralization is a compelling one(Tegegn and Kassahun 2004;

and Meheret 1998:9). It is hoped that genuine moves towards effecting self-rule through resources to authentic decentralization can bring about an overall situation marked by harmony and cooperation between the different groups.

1.2. Statements of the Problem

The major feature of political dynamism in the post-1991 Ethiopia was the reconstruction of the state through a model of ethnic-based federalism. Consequently at first fourteen and later nine regional states and two special administrations were constitutionally established by decentralizing all powers and responsibilities to them except powers reserved for the central government (TGE 1992; FDRE 1995; Meheret 1998:9). [1] As Yigremew et.al (2005:1), Hailu (2001) and Meheret (2002:130) explain the main rationales for decentralization are to enable different ethnic groups to exercise self-rule, develop their culture and language, manage socio-economic development in their respective areas, increase citizen participation and enhance transparency and accountability to local people.

A series of proclamations together with the new constitution laid down the legal basis for devolution of decision-making power and responsibilities to five tiers of government, namely, Federal Government, Regional Governments, *Zones, Woredas* and *Kebele* Administrations. Even though the Constitution of the Federal Democratic Republic of Ethiopia (FDRE), recognizes only the first two by defining their respective powers and does not mention the last three, Proclamation No.7 of 1992 and the Federal Constitution make clear reference to and justification for decentralization process to grant adequate power to the lowest units of government (TGE 1992a; FDRE 1995; Meheret 2002:136; Yigremew et.al. 2005:7-8). Article 50(4) of the Constitution states that state governments will be established at state and other administrative levels as necessary. It then puts that "Adequate power shall be granted to lowest units of government to enable the people to participate directly in the administration of such units". Accordingly, regional constitutions established *woredas* (districts) and *kebeesl* (lowest government units) in regional states and these granted necessary powers and duties. These units of government

were structured with legislative, judiciary and executive branches with elected and accountable representatives.

During a second stage, further decentralization measures were taken since 2001, following the political changes introduced by the ruling party (EPRDF) [2] and the measures have resulted in the provision of legal frameworks that devolved power to the lower structure of government, namely, the *woreda* (Yigremew et.al. 2005:1; Tegegn and Kassahun 2004:35). However, due to lack of experience in decentralization and its quick implementation, the success of decentralization and hence contribution to institution-building of public sector has encountered a number of challenges. Accordingly, it is essential to raise the following points.

First, in implementing the political devolution (self-rule), the central government has continued to dominate the regional states (Meheret 2007; Assefa 2006; Meheret 1998:19; Abrar 1994:114). This was manifested by the dominant role of the ruling party and its affiliates in the affairs of the regional states. As Meheret (1998) further state, it is worth mentioning the case of Somali and Benshangul Gumuz regional states, which have been experiencing problems of leadership instability caused by tribal political feuds and local party power struggles.

Second, regardless of these legal provisions and political pronouncements, different studies (Taye and Tegegn 2007; Meheret 2002; Tegegn and Asfaw 2002; Yigremew et.al. 2005; Hailu 2001) illustrate that the devolved authority is concentrated at regional level. In other words, zonal, *woreda* and *kebele* administrations lacked enough legal powers, lack attention from higher levels of government, did not have necessary capacity and resources, were not accountable to citizens and could not play their development role appropriately. In the case of the HPNRS, there is no intermediate level of administrations (zones). The same is true for *woreda* administration till 2004, which regulation No.8 of 2004 of regional council provided its establishment by the name of *Kebele* Area Administrations (here after KAAs) consisting sub-*kebeles* under them(HPNRS 2004c; HPNRS 2004e).

Third, poor implementing capacity of the existing institutions together with weakness and unresponsiveness of the administrative system hindered the exercise of administrative autonomy. The problem is exacerbated by lack of trained manpower and absence of established special institutions that could facilitate the implementation of reform policies in accordance with what is sought to be achieved (HPNRS 2004e:52; Yigremew 2001; Asmelash 2000).

Finally, regional governments have low control over resources. Their revenue collection is less than 20 per cent of the total revenue (World Bank 1999; Tegegn and Asfaw 2002:30; Hailu 2001:5). This illustrate that the resource capacity is very shaky and in fact depend heavily on transfers and subsidies from the central government. Such dependence forces these entities to compromise their autonomy and independence.

Therefore, study should be undertaken to assess the role decentralization is playing in building regional and local institutions in the Harari Peoples' National Regional State (here after HPNRS) along with identifying the extent of the aforementioned challenges and other drawbacks in order to take timely corrective measures. Hence, it attempts to answer the following questions.

1. What is the legal framework for decentralization and institution-building in the region?
2. What were the systems used to represent different ethnic groups in the regional as well as local council?
3. What is the institutional and administrative arrangement to which power is decentralized?
4. What are the functions, roles and powers of different levels of regional governments?
5. What is the degree of financial autonomy of the regional and local governments?
6. Does the process of decentralization institutionalized by coherent set of rules which is explicit and reasonably permanent in terms of power balance between different tiers of government; structures, functions and resources of sub-national

governments; relationships among tiers of government; and relations between local officials and constituents?

7. What are the challenges encountered while implementing decentralization in the HPNRS?

1.3. Objectives of the Study

The major objective of this study is to assess the interrelations between decentralization and institution-building by way of examining whether the former has led to the taking shape of the later in one way or other. As such, the specific objectives of the study are to:

1. Analyze the legal framework of decentralization and institution-building in the HPNRS.
2. Discuss the mechanisms used to represent different ethnic groups in the regional and local councils to secure empowerment and legitimacy.
3. Assess the extent of institutional and administrative arrangement and capacity to which power is decentralized.
4. Analyze the degree of financial autonomy of the regional and local governments.
5. Discuss and analyze institution-building efforts of federal government as well as regional government pertinent to the current decentralization measures.
6. Recommend possible solutions to constraints identified while implementing decentralization and building institutions in the HPNRS.

1.4. Background of the Study Area

1.4.1. A Brief Historical Overview of Harar

A walled city of Harar was established in the mid-10th century. It is argued that, after the foundation of port Zeila, Harar was one of numerous commercial centers that proliferated along the trade route between the interior parts of Ethiopia and port Zeila (NUPI 1991:36; Imran 2004:15). Moreover, the advent and introduction of Islam added new life to the

city, making it a center for Islamic scholarship and proselytizing (Imran 2004:15). Since the city has played an important role in the spreading of the religion in Africa from the early days of the Islamic faith, different literatures (Huurne 2004:35; Caulck 1975) mentioned the city as the most famous for its reputation as the fourth holiest city of Islam. As Imran (2004:15) stated, Shaikh Abadir gave Harar its name and organized the city into five districts. The Harari people established their dynasty at Dekar, which is located to the south of today's Harar town. The first dynasty was Amir Habob Ibn Haron during 900A.D (NUPI 1991:36).

According to Jara (1997:98), the present form of Harar town was established by Amir Abubeker Mohammed in the 16th century. Harar, thereby, became the capital of an independent Muslim state. Under the leadership of Imam Ahmed Ibn-Ibrahim nicknamed "Gragn", this state came to include a vast area of almost all of eastern and southern Ethiopia (Huurne 2005:35). Though Harar had been an independent Emirate for three centuries since 1555, it underwent a series of conquest such as Egyptian, Menilek, Italian and so on (Bosredon 2004:23).

Harar, for so long a center of commerce, attracted the expansionist ambition of Egypt and eventually controlled it in 1875. Consequently, they introduced municipal administration to the town (Caulck1973:1; Jara 1997:99). Although Harar gained its independence after the eviction of the Egyptians, it was not long lasting for the town was again occupied by Menilek territorial expansion towards south, southwest and southeastern Ethiopia. The forces of Menilek II led by the Emperor's cousin, Dejazmach (later Ras) Mekonen defeated Amir Abdulahi (the last of the 72 Amirs of Harar) at the battle of Chelenko in 1887 (Bahru 1991:63-4; Caulck 1975; Huurne 2004). Between 1886 and 1975, Harar was put under the administration of the succession of rulers perhaps the most important among these were Ras Mekonen (1887-1906) and later his son Ras Teferi Mekonen. During the period of Ras Teferi, the municipal administration started once again. The municipality was divided into different neighborhoods and appointed neighborhood administrators called Sefer Shum (NUPI 1991:36). Besides the economic problems due to the construction of railway, Harar and its indigenous inhabitants-the Harari people-

continued to face power struggles and political problems especially during the reign of Emperor Haile Selassie, who was born and raised in Harar (Huurne 2005:36). As Abdusemed (Personal communication 2007) and Huurne (2004:35) explained, he tried different systems to break the social tightness of Harari community in order for the Amhara to take social, economic and political control of the city.

The Italians, after establishing their East African Colony, which they named Africa Orientale Italiane, divided the area into six administrative regions. Harar town was made capital for one of these regions and divided into five sections in such away that it serves their interest (NUPI 1991:47). Harar also served as the headquarters of the British administration from 28 February 1942 to April 1943 (NUPI 1991:48). After the administration was handed over to Ethiopia in 1943, the Municipality was reestablished and neighborhood administrators were assigned for the five gates. However, since the revolution of 1974, the quarters have been divided into *Kebeles* or urban Dwellers Associations (UDAs) all of which form one Kefitegna or Higher Kebele. Though the Harari people were oppressed and marginalized , they tried to fight the political powers by organizing themselves into political organizations, for instance, Hamlad, Kulub, Hanolato and others (Personal communication 2007; Huurne 2004:36; Ahmed 2000a;).

1.4.2. Profile of the Harari Peoples' National Regional State

The HPNRS is located at the southeastern part of the country some 525 km away from Addis Ababa (HPNRS 2004e:2). It extends from 9°11'N to 9° 24'N latitude and from 42°-03' to 42° 16'E longitude. The region has an area of 343.2 km^2, which is about 0.027 percent of the area of the country (BoPED 2000). Out of the total area, about 19.5 km^2 is occupied by urban administrative units whereas the rural one is about 323.7 km^2. The largest kebele is Awberkhdle Peasant Association with the area coverage of 38.5km^2 and the smallest is Hasengey PA with 5.1 km^2 area. It has 113 perimeters and boarders six of the Oromiya Woredas, namely, Alemaya, Kombolcha, Jarso, Gursum, Babile and Fadis (BoPED 2000; HPNRS 2004) (See Appendix 7 for detail). Almost all of the boarders are based on natural features. The east and west part of the region follows the two big rivers

of the region: Erer River and Hamaresa River. The region is linked with the neighbor *woredas* with road network where only the Alemaya *woreda* with asphalt road. The region is situated in eastern highlands of the country.

Its altitude range from the highest peak at Aw-Hakim Mountain, 2200 meters above sea level down to the Kille Peasant Association of the Erer Valley, about 1300 meters above sea level(BoPED 2000:1). The average temperature and annual rainfall in the region are 19.2°C and 604.7mm respectively. There are two agro-ecological zones, namely, Woyna Dega with 76 per cent (276Km^2) coverage and the rest is Kola.

The city of Harar was a commercial center serving as a gateway from/to south and central Ethiopia to/from the Gulf of Eden via the port of Zeyla and Berbera. It is known to be the only and a pioneer to have municipal government and a legal court called Dewan as well as minted it's own silver and bronze coins, known as Mahalaq and Ashraf (Imran 2004:16; HPNRS 2004e). Currently, the economic base of the region is agriculture and trade. Its economy is predominantly of primary and tertiary sectors. Agricultural sectors accounts 40 per cent of employment while trade, manufacturing, and transport, social, cultural and others account for 60 per cent. The sectoral structure in urban economy generally indicates the tertiary (service) sector that plays a significant role in the overall regional economy.

In the HPNRS, schools of all levels are available. According to BoFED (2007) and Huurne (2004:40-41), there are seven Kindergartens, 23 Primary schools and three secondary schools. Moreover, the region is home to a nursing school, a teacher's training institute and a technical school, all at the tertiary level. In 1999, only 10 percent of school aged children attended KGs, while 85 percent attend a primary school (Huurne 2004:41). This shows that the existence of high difference of enrollment rates between the different levels. Though the enrolment rate for tertiary level is not known, 53 percent of the children between 15 and 18 attended a secondary school. As UNDP (2003 cited in Huurne 2004), the enrolment rates were quite high for Ethiopia, where the rates for primary and secondary education are 47 and 13 respectively.

The available health services, as to Harari Population Office (2001:114), include four hospitals, two health centers, one regional laboratory and one TB-center. This shows that only two hospitals serve the general public(both urban and adjacent rural areas), while the Police Hospital and the Military Hospital provide services only to police and military person in eastern Ethiopia respectively (Harari Population Office 2001:125). The major diseases treated are malaria, URTI (upper respiratory track infection), Pneumonia, TB, and UT (upper tracheal) (BoPED 2000:64). Due to lack of safe drinking water, water born diseases are very common in the region. Though the number of HIV/AIDS infected persons is unknown, it is estimated that 7.5 percent of the region is infected. This, however, is still low compared to the estimation that 21 percent of the urban population in Ethiopia is HIV positive (Huurne 2004:41).

With respect to heritages, the old walled city popularly known as *Jugal* has five gates, more than 114 mosques; more than 200 holy places, for which the city warranted being called Madinet-al-Awlya, which means the city of saints; exceptional religious manuscripts; thousands of traditional houses; the women's production of elaborately colored basketry; the beautifully designed women's dresses; and many more contributed for the region to be registered by UNESCO as a world heritage (HPNRS 2004e:3; Imran 2004:19).

The total population of the region, as of CSA (cited in BoFED 2007:11), is about 249,871 as of 2006. About 161,666(65 percent) are believed to live in the city of Harar while the rest is in rural areas (BoFED 2007:11). According to Table 1.1, however, the urban area of the region covers almost 5 % (19.54km^2) of the total area contains 62 % (117,493) of the total population, while the remaining 38 % (72,028) of the population are found in rural area of the region that shares 95 % (323.67 km^2) of the total area of the region. This, as a result, makes the region the most urbanized regional state in the country. The overall population density of the region is 552 persons per km^2. In the city, however, it is 6,012.4 persons per km^2 with the total area of 19.54 km^2 whereas in the rural part it is 222.5 persons per km^2 with the total area of 323.7 km^2. Especially, the old historical part of the

city-called Jugal- it is most congested. Covering an area of only 1 km^2 (sixty hectares), it has an estimated total population of 57,160 (BoFED 2000:21; Huurne 2004:37). This gives the Jugal one of the high ranking densely populated areas in the world by density of, 57,160 per km^2

Table 1.1: Projected Population Distribution, Area and Density by KAAs, Urban-Rural, and Number of Sub-Kebele, 2005.

No.	KAAs	Population	Area(km2)	Population Per Km2	No. of Sub-*kebeles*	% from Total Population
A	**Urban**	**117,483**	**19.54**	**6,012.4**	**19**	**62.0**
1	Amir Nur	21,185	N.A	N.A	3	11.2
2	Abadir	19,118	N.A	N.A	4	10.1
3	Aw-Boker	15,613	N.A	N.A	3	8.2
4	Jinella	16,502	N/A	N.A	3	8.7
5	Hakim	20,333	N.A	N.A	3	10.7
6	Shenkor	24,732	N.A	N.A	3	13.1
B	**Rural**	**72,028**	**323.66**	**222.5**	**17**	**38.0**
1	Erer	15,292	84.19	763.5	4	8.1
2	Dire Teyara	25,911	70.54	2,408.5	6	13.7
3	Sofi	30,825	168.94	1,441.0	7	16.3
C	Grand Total	189,511	343.2	552.2	36	100

Sources: Adopted from BoFED, Regional Baseline Data, 2006d; BoFED, Study of Regional Potential Resources, 2006e; CSA, 1999; Field data,

N.A: Not Available

The population of the region is expected to grow by about 3.5 percent a year for the region and 4.2 and 2.5 for urban and rural areas respectively (BoPED 2000). The major factors that contribute to the population growth are fertility, mortality and net migration. The crude birth rate for Harar was set at approximately 37.2, while the crude death rate was set at 14 for the year 2000. This shows that two-and-a-half times more babies were born than people died, which explains partially the high population growth. The fertility rate was estimated at 3.4. The estimated life expectancy at birth was 52.2 years and 53.1 years for female and male respectively for the year 2000 (Harari Population Office 2001:4-6). Regarding net migration, it is estimated that 1.18 percent of the growth rate

can be described as net migration. This rate is high compared with the Ethiopian standards, which is estimated at an average of 2.9 percent a year. This can also be seen in the population doubling time, which was set at less than seventeen years for Harar in the year 2000, while at 24 years for Ethiopia (Harari Populaton Office 2001:4-6).

Although Harar has long been a distinctive Muslim community and also used to be almost entirely Harari, nowadays different religious and ethnic groups can be found in the region. According to the 1994 Population and Housing Census, about 60.3 percent of the populations living in the region were Muslims, while 38.2 percent were Ethiopian Orthodox, 0.9 percent Protestants, 0.5 percent Catholics and 0.1 percent followers of other religious groups (CSA 1999; FDRE 2003). With regard to ethnic composition, more than 50 different nations and nationalities (including foreigners) live in the region. As Table 1.2 shows, ethnic proportion of the region is estimated to be 52 % Oromo, 32 % Amhara, and 7 % Harari while the remaining 9 % is distributed among more than 45 different nations and nationalities. In relation to this, the city is awarded a peace prize and named as "City of Peace and Tolerance" in competition of world cities in Barcelona, Spain in 2004.

Table 1.2: Projected Population Size by Ethnic Group, Urban-Rural and Sex, 2005

Ethnic groups	Urban			Rural			Urban + Rural			% of Total
	M	F	Total	M	F	Total	M	F	Total	
Oromo	12,628	11,627	24,,255	38,357	36,462	74,815	50,985	48,089	99,074	52
Amhara	28,212	32,618	60,830	517	471	988	28,719	33,089	61,808	32
Harari	6,365	6782	13,147	211	187	398	6,576	6,969	13,545	7
Gurage	2,080	1418	3,498	2	0	2	2,082	1,418	3,500	1.80
Tigre	1,775	1491	3,235	6	1	7	1,757	1,491	3,248	1.70
Somali	975	800	1,775	734	667	1,401	1,709	1,467	3,176	1.60
Silti	1004	879	2,383	0	0	0	1,504	879	2,383	1.30
Argoba	6	16	22	730	711	1,441	735	698	1,433	1.80
Others									1,344	1.80
Total	53,545	55,631	109,176	40,557	38,499	79,056	94,067	94,100	188,167	100

Sources: Adopted from BoFED, Regional Baseline Data, 2006d; CSA, 1999.

As it could be observed in Table 1.3, 38 % of the region's population is bilingual; The top three widely spoken languages (both as mother tongue and second language) in the region are Afan Oromo, Amharic and Harari which respectively 67 %, 47 % and 12 % of the total population speaks. The official languages of the HPNRS are Harari and Oromifa (HPNRS 1995; HPNRS 2004a).

Table 1.3: Profile of Languages Spoken in the HPNRS.

No	Languages	Mother Tongue		Second Language	
		No. of Population	Percentage	No. of Population	Percentage
1	Afan Oromo	94,755.5	50.0	32,216.8	17.0
2	Amharic	64,433.7	34.0	24,636.4	13.0
3	Harari	15,160.8	8.0	7,580.4	4.0
4	Somali	2,842.6	1.5	1,326.5	0.7
5	Tigrigna	2,274.1	1.2.	758.0	0.4
6	Gurage	2,274.1	1.2	379.0	0.2
7	Siltigna	1,895.1	1.0	189.5	0.1
8	Others-35	5,874.8	3.1	4,927.2	2.6
9	No Second Language	-	-	117,496.8	62

Sources: Adopted from BoFED, Regional Baseline Data, 2006d; CSA 1999.

The HPNRS is mainly a city-state encircled by rural out skirts of agricultural land. The urban areas comprise the old city, which is almost totally inhabited by the Harari and the new city (surrounding Jugal) mainly inhabited by Amhara, and also Oromo and Harari. As HPNRS (2004e) stated, this type of urban morphology has developed in the late 19th century. According to Rule No.8 of 2004, the region consists of 9 *kebele* area administrations (6 urban and 3 rural) and 36 sub kebeles (19 urban and 17 rural Peasant Associations). The sub *Kebeles* are unevenly distributed in the *kebele* area administrations, and there is significant difference in population size as well as density from *kebele* area administration to *kebele* area administration and from sub *kebele* to sub *kebele.* Sofi *kebele* area administration is the first with its 7 sub *kebeles* whereas Amir Nur area consists 3 sub *kebeles.* With respect to population size, Sofi *kbele* area is the first, Dire Teyara *kebele* area and Shenkore *kebele* area are the second and third respectively.

1.5. Research Methodology and Procedure

1.5.1. Study Area, Population and Method

The study is conducted in the HPNRS focusing on regional and local public institutions. The region was chosen mainly because of its uniqueness compared to other regions in terms of ethnic composition and their settlement pattern, socio-political history, and the current regional government structure, which is bicameral.

The population of this study will include civil servants and officials drawn from public institutions, namely, from regional governments, *kebele* area administrations and sub-*kebele* administrations. Hence, 150 respondents will be taken from the aforementioned sample institutions (for detail see section 1.5.3).

The study used exploratory method. This is mainly due to the absence of any previous study on the subject matter in the region. Hence, the study analyses the extent to which the exercise of democratic self-rule contribute to regional and local government institution-building in terms of politics, organizational structure, human resource and finance.

1.5.2. Types and Sources of Data

The types of data used in this study are both quantitative and qualitative from both primary and secondary sources. The primary resources consist more of qualitative and also quantitative data from survey, focused group discussion and interview with informants. The information gathered through this source would enable the researcher bring to light what role the decentralization process is playing in building public institutions at regional and local levels and also associated constraints. Whereas the secondary sources include books, proceedings, magazines, papers, articles in journals, newspapers and other documentary review. Federal as well as regional reports concerning aspects of the decentralization process in terms of public institution-building, which

include Ministry of Capacity Building (MoCB), Ministry of Finance and Economic Development (MoFED), Federal Civil Service Commission (FCSC), the legislative and executive organs of the HPNRS, Bureau of Capacity Building (BoCB), Bureau of Finance and Economic Development (BoFED), Harari Civil Service Commission (HCSC), Harari Management Institute (HMI), and KAAs. Documents and official papers that exhibit the status of the region's activities on the topic and so on are also used as secondary sources.

In general, the secondary sources of information were mainly used by the researcher as a means to depict the overall efforts of the region in implementing decentralization successfully and enhancing its institutional capacity for development. As such the theoretical and conceptual framework and the main features of decentralization and institution-building in Ethiopia have been utilized to lay the ground for the analysis of data gathered through questionnaires, discussions and interviews.

1.5.3. Data Gathering Instruments and Sampling Techniques

A fruitful description and explanation of a complex phenomenon such as decentralization and institution-building requires a combination of research methods and techniques in order to find out the necessary information. The so-called triangulation of different research techniques may also enhance the quality and reliability of the data. As a result, four instruments, namely, surveys, in-depth interviews, focus group discussions and archive research will be employed.

The survey questionnaire contains structured items and open-ended questions focusing on the challenges and prospects of institution-building by way of implementing decentralization policy effectively (See Appendix 1). Basically, the sampling technique employed in the study is a cluster sampling technique. Based on literature review about the HPNRS, three clusters were formed.. First cluster is the Regional Government bodies that include the HPRC, HNA, BoCB, BoFED, Harar Municipality, HCSC, and HMI. The second group is sub-regional institutions, three (Abadir, Aw-Boker and Dire Teyara) out

of nine Kebele area administrations have been selected with settlement and ethnic composition as stratifying factors (see section 1.4.2). Here, three sub-*kebeles* (02 and 08 from urban area and Dire Teyara PA from rural area) and then their respective officials and civil servants will be selected from the above selected three "*kebele* area" administrations. That is one from each using simple random sampling (See Table 1.4).

Table 1.4: Distribution of sample size by regional and sub-regional Institutions

Institutions	Sampling Frame	Sample Size		Percentage
Regional government	4108(Employees)	130(87)	133	89
	110(Officials)	3(2)		
"Keble area" administrations	69(Officials)	3(2)	6	4
	90(Employees)	3(2)		
"Sub-kebele" administrations	216(Officials)	8(5)	11	7
	108(Employees)	3(2)		
Total	4701	150(100)		100

Formal in-depth interview was useful because it helped capture detail data, clarify issues and cross check the reliability of data through verbal and non-verbal expressions. As quite well emphasized by Guba (1990), since there is no one reality of phenomenon, close interaction between the researcher and the interviewee was useful in discovering meaning from the responses obtained and hence get opportunity to validate opinions through more questions, listening, and the use of body language until consensus was reached rather than rushing to taking notes.

To this effect, interviews were administrated with key informants assumed to have knowledge on the issue of decentralization and institution-building either from experience, political position or professional capacity. To facilitate the process of enquiry, an interview guide was constructed and used for each category of interviewees that will be selected by purposive sampling (See Table 1.5). The structure and the details of the guide are attached as Appendix 2.

Table 1.5: Profile of Key Informants

Background	Number
Regional council members	2
Regional cabinet members	2
Regional bureau heads	2
Department heads	5
Experts	8
KAAs administrators	2
KAAs experts	2
Sub-*Kebeble* Administrators	2
Total	25

Moreover, focus group discussions were held with officials and experts from regional and sub-regional government institutions. Based on an overview of the results collected from the interview and the survey of documents, a number of issues for discussion in the group discussions were made. The issues raised were in line with the focus of particular group in which the discussions were conducted. The task of identifying the groups, request for participation in the study and arrangement of a discussion were done through consultation and support from officials as well as experts of regional and sub-regional institutions.

1.5.4 Method of Data Analysis

The data that are collected using the above techniques were analyzed separately and lastly the quantitative and qualitative data analyzed were integrated. Since interview were made in Harari, Amharic and Oromiffa languages, translation into English were necessary. The responses of the interviews were sorted under some headings so that it will be easier to code and analyze using statistical methods. Information that was obtained from officials through interviews and discussions were coded and analyzed the same way as the above.

1.6. Significance of the Study

As decentralization and institution-building are a very complex processes, it is too difficult to have efficient institutions having clear, widely known, coherent, predictable, credible, and properly and evenly enforced rules for exercising democratic self-rule at sub-national levels. This is possible with the existence of minimum political, structural, financial and human resource capacity. To this effect, regional and *woreda* level decentralization in Ethiopia started as the first and the second phase since 1991 and 2001 respectively. Investigating the achievements, challenges and prospects call for an area specific study so as to have a deeper understanding of the practicality and performance of decentralization drives in terms of building regional and sub-regional public institutions.

The main theme of this study, therefore, is to provide sufficient and relevant information about the contribution effective decentralization policy plays in building regional and local institutions. Besides improving knowledge and information on the subject, the findings of the study may assist federal, regional and local bodies or policy makers and program implementers to be informed about past experiences for future efficient and effective performance. The findings may also help to extend gained experiences throughout the country in general and the HPNRS in particular. It may fill the existing information gap and provide a logical and systematic review and analysis of decentralization and institution-building in Ethiopia in general and the HPNRS in particular. Lastly, it is hoped that it stimulates further studies in the area and also serve as a basic document for further reference.

1.7. Limitations and Delimitations of the Study

In undertaking the study, the researcher has faced time, resources and data constraints. Specifically, unavailability of organized secondary data due to the absence of documentation and organized database system in the region and the subject matter in particular are the major one. Furthermore, the reluctance of some of key officials for interview and informal discussion and for allowing me to some relevant documents about

the challenges faced while implementing decentralization and building regional and local institutions in the HPNRS is another limitation of the study. The unwillingness of respondents to fill and return survey questionnaire timely is another test for the researcher.

Based on the above limitations and the complexity of decentralization as well as institution-building, the study is limited to analyze the impact of implementing decentralization on building regional and local public institutions in the HPNRS for the last decade. In doing so, the study restricted to assess the level of citizens' empowerment and representation in both regional and local levels of government, analyze authority each levels has below the regional state and their relation with the higher levels, assess the revenue bases of the region as well as local government, and examine capacity building efforts of the region including PSCAP.

1.8. Organization of the Study

The major purpose of this study is to analyze the challenges in implementing decentralization policy in regional and local institution-building in the HPNRS. Pertinent to this, the paper is divided into six chapters.

Chapter one is an introduction, which defines the topic, the research problems, objectives of the study, background of the study area, research methods and procedure, significance, limitations, delimitations and organization of the study. Chapter two focuses on theoretical framework reviewing concepts relating to decentralization and institution-building, and in light of some possible linkages between the two. Chapter three assesses decentralization measures in Ethiopia during the incumbency of imperial rule, the Dergue, and the EPRDF with the objective of discerning the implications of the different decentralization moves for the taking shape of sub-national public institutions. Chapter four and five, which are the major part of the study, analyze the challenges encountered while implementing decentralization in the HPNRS. By doing so, it gives the legal and practical aspects of decentralization and institution-building in the region. The focus of

chapter four is to analyze the political, administrative, financial and human resource management autonomy as well as capacity building efforts of the region including PSCAP. Chapter five, on the other hand, focuses on analyzing legal and institutional arrangements of democratic local governments, personnel deployment and training at local level, and challenges of DLDP in the HPNRS. Finally the findings of the study will be summarized and recommendations will be forwarded in Chapter six.

CHAPTER TWO

Decentralization and Institution-Building: Theoretical Framework

2.1. Decentralization

2.1.1. The Concept of Decentralization

The concept decentralization means different things for different people and hence, several proponents tend to utilize the term in a loose way in reference to differing issues and organizational forms. As a result, different scholars perceived decentralization in several ways, *inter alia*: "the latest fashion" in development undertakings; "imprecise" and vague; "a political initiative, fundamentally a political process and a site for political struggle"; a "meaningless" and "not a useful concept in itself."(Kassahun 2000:2). Moreover, there are different meanings of the concept decentralization because of the changing objectives and motives in different countries at different times. The following are some among the several definitions.

According to Rondinelli (1989:88), decentralization is defined as,

> "...the transfer of responsibility for planning, management and the raising and allocation of resources from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, are a wide regional or functional authorities, or non-governmental private voluntary organizations".

From the public choice theory[3], he also defined it as "a situation in which public goods and services are provided primarily through the revealed preferences of individuals by market mechanism" (1989:59). According to this approach, provision of some public goods is more economical and efficient when a large number of local organizations are involved rather than relying only on the central government. Nevertheless, this definition gives more focus to administrative and economic dimensions by neglecting the political dimension. By doing so, it aims at efficient and effective provision of goods and services. In another instance, it describes a process by which authorities and responsibilities are transferred legally from the center to local governments or semi-autonomous agencies by

giving more autonomy and liberty to manage their local affairs within the framework of national government (Nsibambi 1998:5).

It is further defined by Manwood (1983 cited in Kwafo 2005:9-10) to mean "the sharing of part of government power by a central ruling group with other groups, each having authority within a specific area of the state". This definition indicates the existence of formal political structures each covering a defined area, representing local interests as well as the interests of the center with the local share of allocating power protected by formal and normative rules which are accepted by the center. It also highlights the fact that decentralization has to do with laid down legal and institutional frameworks within which there is power sharing in the process of decision-making as well as the election or appointment of local representatives who will promote local interest in the face of central political and administrative interest.

Moreover, in an attempt to offer a universally acceptable operational definition of decentralization, participants of the Commonwealth Secretariat agreed that decentralization refers to "any deliberate change in the organization of government involving the transfer of powers, resources and functions from the center to units of government and administration at sub-national level"(Chikulo 1998:91; Kwafo 2005:10). Hence, the foregoing definitions indicate that decentralized form of government under any situation must deal with power transfer from a central government unit to an institution lower in function and representing an identified spatial unit but which is also based on an accepted legal and institutional structure.

To broaden our understanding, Conyers (1990:19-26) explained in terms of different dimensions such as the types of activities over which power or authority is transferred; the level to which they are transferred; the individuals or institutions to which they are transferred; and legal and administrative machinery used to make the transfers. Since power of decision making exists in a continuum between extremes of centralization and decentralization, political and administrative system can not be completely centralized or decentralized. In order to implement a successful decentralization policy, hence, there

must be a balance between absolute centralization and extreme decentralization. In addition, the policy must respect national unity and indivisibility as well as local diversify and autonomy.

Though there are several understandings of decentralization, which resulted in the absence of consensus on how to commonly apply the concept across the board, there are different approaches that provide important decentralization policies as strategy for development. These approaches conceptualize decentralization by making reference to one or combination of two or more wider aspects. By doing so, the following sub-sections attempt to identify distinct forms and dimensions of decentralization, the rationales behind undertaking decentralization, and also underlying conditions for successful decentralization.

2.1.2 Forms and Dimensions of Decentralization

This is emphasized on the degree of transfer of authority and power to lower levels of administration, which vary while adjusting workloads or responsibilities for different tiers of government. Consequently, the literature distinguishes between different forms of decentralization, namely, *deconcentration, delegation and devolution* (Rondinelli et.al 1984:14; Chikulu 1998:91; Kassahun 2000:3).

Deconcentration is defined as the transfer of "responsibilities for certain services to its regional branch office" from the central government (Litveack et,al 1998:4). As Kassahun (2000) and Bulti (1994:143) point out, it involves merely 'redistributing administrative responsibilities from center to lower levels' in order to shift work load. It emphasizes on decentralization as administrative or organizational arrangement (institutional reform) because it does not involve any actual transfer of authority (Litvack et al. 1998; Rondinelli et al.1984; Chikulu 1998:91). Hence, it is simply an institutional reform that does not empower the disadvantaged groups (Samof 1990 cited in Fenta 1998:11).

Delegation refers to more extensive transfer of managerial authority to plan and implement decision concerning specific or variety of activities within specified territorial boundaries to local governments or semi autonomous agencies that are not completely controlled by central government but ultimately accountable to it (Litvakk et.al 1998; Fenta 1998:10; Kassahun 2000:3). As a result, local governments or semi-autonomous organizations exercise a great degree of autonomy as agents of central governments. However, it is hardly acceptable to consider delegation as one form of decentralization because all forms of decentralization involve delegation, which is a must for any government or organization.

Devolution is the actual form of decentralization and is assumed to reflect the "purest" form of decentralization, which is called political decentralization. It requires the central government to transfer authority and independence in areas of administrative decision-making, planning and financial management (Litrack et.al 1998: Kassahun 2000:3). According to Fenta (1998:10), it empowers local and regional actors to decide authoritatively about not only the development of assigned resources but also the modification of objectives. Here, as Kassahun (2000) states, "the activities and geographical boundaries of central and local governments are clearly differentiated, and each level of government is assigned its own legal powers and functions.

Under devolution, local governments are autonomous and independent and hence, the central government exercises only indirect and supervisory control over such units. It also establishes reciprocal and mutually benefiting relationships between federal and local governments. Pertinent to this, the regional governments possess legally defined jurisdiction and autonomy in administrative issues, service delivery, raising revenue and deciding on local matters through elected representatives (Rondinelli et al 1984: 24-25). Devolution, therefore, is an arrangement which entails reciprocal, mutually benefiting relationships between central and local governments (Rondinelli et.al 1989; Chikulu 1998:93).

Besides the above forms, further analytical refinement and elaboration of the concept is discernable on the literature between *political, administrative* and *fiscal* types of decentralization by analyzing sectoral attributes of powers, authorities and functions shifted to lower levels (Litvack et-al, 1998). Moreover, *privatization* and *deregulation* are further discussed as other variants or typologies, though they fell beyond the scope of this study.

Political decentralization, sometimes referred to as democratic decentralization, is concerned with the transfer of authority for decision-making authority to citizens or their representatives (Samof 1992 cited in Kassahun 2000:4; Chikulu 1998:95). It is generally a response to political pressures, for example, demands for secession and hence intended to give self-rule to ethnic groups and thus forestall the break up of multi-ethnic nation states. This form of decentralization grants cultural and linguistic autonomy to separatist groups and allows them to administer their affairs and carry out development in defined areas of jurisdiction (Meheret 1998:1). Thus, political decentralization, as Meheret (1998:2) rightly put out, confers decision-making authority on legally constituted institutions of governance, for example regional governments or provinces. Some of its ideals include empowerment, self-rule, accountability and responsiveness, equity and justice, and representation. Institutions of governance, at sub-national level may include, state governments, provincial governments, district councils and local authorities. As Mill (1994:283) has noted:

> Political decentralization is the creation or strengthening of sub-national levels of government that are substantially independent of the national level with respect to a defined set of functions. They may be called local government, locals or municipalities. They normally have a clear legal status and statutory authority to raise revenue and make expenditures. Although they are rarely completely autonomous, they manage their own affairs in a way that subordinate management units can not. Since the authority is made up of representatives elected by the local population, the formal line of accountability is to the electorate.

Political decentralization is, therefore, generally concerned with increasing public participation as well as strengthening institutions responsible for vertical and horizontal decentralization. Thus, political decentralization as Chikulu (1998:95) points out refers to

an opening of political space in the country to actors in the society other than those in power, which is the notion of political pluralism as distinct from the tendency of central governments to monopolize power. In short, decentralization is conceptualized in relation to power or autonomy and in answering questions like " 'who rules in a particular society?' and is considered as a program for specifying 'who is to rule in particular settings?' " (Samof 1992 cited in Kassahun 2000).

Administrative decentralization focuses on institutional and organizational arrangements in which authority and responsibility is transferred and defined (Kassahun 2000:4). In relation to this, Meheret (1998:1) stated that administrative decentralization is a hierarchical division of labor by dispersing functions and authority among branch offices and there is a possibility of revoking delegated functions and authority by the centre wherever situations warrant. It is concerned with "how political institutions, once determined, turn policy decisions into allocative and/or distributive outcomes through fiscal and regulatory action" (Litvack et. al. 1998:6). Hence, it is aimed at promoting efficiency in government through uniform application of rules and policies and also effective hierarchical control of operations at the periphery (Meheret 1998:2).

Fiscal decentralization refers to the passing of financial powers and responsibilities to decentralized institutions, to enable them to perform the responsibilities devolved to them (Chikulo 1998:96). The allocation of raising taxes to different tiers of government, revenue and expenditure sharing between central and regional governments, and the design of satisfactory system of inter-governmental transfers are among the major issues in this type of decentralization (Loehr and Manasan 1999:17; Abrar 1994:99). Similarly, as Litvack et.al (1998) noted, *fiscal decentralization* addresses issues like 'who sets and collects what taxes, who undertakes which expenditures, and how any *"vertical imbalance"* is rectified.' Numerous literatures identify finance as one of the crucial elements of decentralization process that determines the level of local autonomy in discharging local responsibilities. In this connection, the autonomy of local government is adversely affected, if they have low revenue base and hence rendered them dependent on central government.

Hence, this study has restricted itself politically in assessing whether the citizens are empowered or not and whether there is decentralization (enough autonomy) in the actual fact. Administratively, it attempts to look whether there exist sufficient and appropriate administrative and institutional arrangements and also capacity which helps to make them accountable, transparent and responsive to locality. It is limited in the fiscal aspect in assessing the financial autonomy in general and revenue sources and revenue raising capacity of the HPNRS in particular.

2.1.3 Assumed Advantages and Pitfalls of Decentralization

The motivation or rationale for decentralization vary from country to country and are usually invoked by political, economic and administrative reasons, and donor conditionalities. At the political level, decentralization is viewed to resolve political problems like 'accommodating pressures for regional autonomy, increasing the legitimacy and heterogeneous sub-national power centers, and preservation of the national political system' (Triesman 1998 cited in Kassahn 2000; Chikulo 1998:96). Most importantly, however, decentralization is pursued to attain "broader political objectives such as self-reliance, self-determination, democratic decision-making, popular participation in government and accountability of public officials to citizen" (Kibre 1994:1).

From the public choice perspective, decentralization is also justified on the bases of the need to increase efficiency and effectiveness of socio-economic development programmes or the desire to improve efficiency and effectiveness of local public service delivery. In relation to this, the intention of government may be to increase the quantity and quality of services it provide, to reduce overload and congestion the channels of administration and communication, and to improve government responsiveness to the public (Kebre 1994; Rondinelli et al. 1984). Similarly, the government undertakes decentralization "to attain allocative efficiency in the face of different local preference for local public goods, (Loehr and Mansan 1999: 12-13; Musgrave 1983 cited in Kassahun 2000:5).

According to Chikulo (1998:99), the pressure for decentralization and the advocacy on its behalf in Sub-Saharan Africa has been driven by Western donor agencies who view decentralization as a means of downsizing ineffective central governments and promoting good governance. These agencies insist in the adoption of decentralization as a condition for development aid. Consequently, decentralization has been thrust high on the policy reform agenda and has come to play a prominent role in much of the discourse on good governance.

Generally, as numerous literatures (World Bank 1997; Chikulu 1998; Abrar 1994:98) noted, the basic rational for decentralization on political, administrative and economic grounds is the proximity of the government to the citizens. Therefore, this study tries to analyze the realization of the objectives of decentralization in terms of building regional and local institutions in the HPNRS.

2.1.4. Preconditions for Success in Decentralization

Decentralization is multidimensional and should not be considered as a quick fix answer or solution to political and socio-economic challenges a country is facing. For the process of decentralization to have an overall wholesome effects the following matters need to be carefully addressed.

First, after assessing decentralization in developing countries Barakan and Change (1989) and Rondinelli et.al (1983) concluded that political commitment and support of higher authority strongly influence the success of decentralization .This is due to the fact that decentralization in whatever form it occur, is a political agenda that takes place within and under a political regime and hence the regime should be properly committed for the attainment of the political objective (Barakan and Change 1989:431). In other words, the policy of decentralization should not be conceptualized as an escape route for shedding responsibilities or as an ease post-conflict stabilization strategy, but as an honest and definite commitment to socio-economic and political development. Besides the necessity of commitment of national political leaders throughout the hierarchy, the need to provide different forms of support to both central and regional institutions is paramount.

Second, effective design and organization of decentralization scheme is critical for decentralization to be successful. The former refers to the need for coherent set of rules to replace the hierarchical system of governance characteristics of centralized systems. Constitution, for instance, make a strong case for establishing the most fundamental of these rules-choosing the heads of state and government, electing members of the legislative, distributing power among branches of government. Making the rules of decentralization explicit, simple, reasonably permanent and self-enforcing reduces uncertainty and provides a common ground for all players in the political process. Equally important seems to be the process by which the rules are agreed on (World Bank 1997). As a result, the rules should be clear and consistent with policy objectives, balance political power between central and sub-national governments; use clear and simple structures and procedures to decentralization; unambiguous allocation of functions and resource to sub-national governments; and making sub-national governments accountable (Rondinelli et.al 1983; Fenta1998:15).

Regarding the organization of decentralization scheme, studies on decentralization in developing countries suggest the need to have special implementing agency in order to coordinate implementation and handle communication systems that should facilitate mutual interaction, exchange of information, cooperation, and conflict resolution rather than disseminating instructions from the central government and gathering information from below.

Third, lack of adequate financial, material, personnel and other resources are the most acknowledged limitation which impeded implementation of decentralization. Since every decision requires a commitment of some resources for its implementation, absence of resources implies incapacity for any institution. Studies on decentralization in developing countries reveal the inadequacy of finance with problems in financial management of available financial resources that adversely affect its outcome (Yigramew 2001; Hailu 2001; Fenta 1998). Hence, administrative and political decentralization is meaningless if it is not supported by adequate resources distribution and socioeconomic development.

Last but not least, for decentralization to be genuine, it has to be institutionalized. The nature and capacity of any institution determines the outcome of decentralization. According to Rondinelli et.al (1983), the success and failure of any institution is determined by the political, managerial and technical skill of any institution's staff; its capacity to coordinate, control and integrate the decision of sub-units; and the strength of political and other supports. To this effect, establishment of regional and local institutions; deployment of required man power to sub-national institutions; facilitation of information exchange to decrease confusion and conflict; and building the political, managerial and technical capacity through providing short-term and long-term training programs, are the ingredients and simultaneously the preconditions for institution-building and in turn for effective decentralization.

2.2. Institution-Building

2.2.1. Institution

A great deal has been written in recent years about the continuing economic difficulties of most African countries. Much of the current analysis has sought to identify the factors that have held back economic recovery and sustained development in the continent. Tegegn and Asfaw (2002:23) indicated that a country's economic performance is determined by different but interlinked factors. However, recent studies underscore the crucial role effective institutions play in the process of economic development and therefore emphasize the importance of building institutional machinery through which effective development planning and implementation can take place. Cheema (1981 cited in Tegegn and Asfaw 2002) stated that institutional machinery is believed to:

> ... provide the channel through which various regional development ends are accomplished; relevant societal issues and priorities are articulated; short-term and long-term planning is formulated, regional development projects are implemented, and people are involved in specific activities undertaken by the government; and planning on implementation processes is integrated.

Institutions affect economic growth through their impact on incentive, resource mobility, expectation, social norms and performances (Tegegn and Kassahun 2004:39). They further mentioned that international differences in levels of income between countries can be explained more by differences in the quality of institutions rather than by differences in capital markets, knowledge, and natural resources. In other words, it is argued that the major obstacle to development is unresponsiveness of administrative systems and weak institutions than lack of technology or savings.

Despite the widely acknowledged role of institutions, it is defined and conceptualized by different scholars in different ways. According to one of the management scientists Gearge F. Gant (1993), institutions are the forms in which people organize their affairs in relationship with each other. It is a system of action which comprehends structure and mechanism which provide capacity and support for activities in the form of agent or organization. He also further asserts that an institution as a system of action should possess three indispensable qualities such as the capability to provide the product or perform the function for which it was created; acceptance in the society and environment of its location; and able to survive by obtaining the necessary support (Gant 1993:14). In this connection, institutionalization is defined as the process by which system of action acquire public acceptance, adequate financial and qualified manpower (Mulualem 2001:17).

For Nebli (cited in Tegegn and Asfaw 2002:45) institutions are simply a set of constraints which govern the behavioral relations among individuals or groups. The World Bank on its part defines institutions as "...sets of formal and informal rules governing the actions of individuals and organizations and the interactions of participants in the development process." As Tegegn and Asfaw (2002:45) stated, an institution is broadly defined and refers to the governmental and non-governmental social systems and their underlying values, rules, norms of behavior, and traditions that govern social relation. As used here, institution refers to "formal and informal rules and their enforcement mechanisms that shape the behavior of individuals and organizations in society."(Burki and Guillermo 1998:11).

Similarly, the famous and popular institutional economist Douglas North views institutions as "the rules of the game or the humanly devised constraints that structure human interactions. They include formal rules, informal constraints and the enforcement characteristics of both" (North 1995). The formal institutions, according to Burki and Guillermo (1998:12) include constitution, laws and regulations, and contracts that determine the incentive structure and thus affect incentives of politicians, behavior of individuals and private organizations (such as firms, in the operation of markets), and incentives within public organizations respectively among various levels of government (i.e. federal, provincial, city and other governments). Whereas, contracts of civil servants, as in the case with contracts among private individuals or organizations, and personnel, budgetary, procurement, reporting, and auditing procedures within public organizations.

On the other hand, the informal institutions consist of trust, values and political norms (Burki and Guillermo 1998:12). The first refers to the tendency to cooperate among individuals who encounter each other infrequently. It is an informal rule based on the fact that individuals usually have a good sense of what type of behavior will ensure mutual cooperation. Trust plays an important role in the functioning of large public and private organizations. The second, ethics or values also tend to constrain individual behavior by establishing informal codes of conduct. Lastly, the political norms that are often implicit usually constrain the behavior of politicians and civil servants.

Although institution is often used as a synonym of organization, we find useful the distinction made by the "new institutional economics" literature. It defines organizations as entities composed of people who act collectively in pursuit of shared objectives (Burki and Guillermo 1998:12). North (1990:73) defines organizations as "purposive entities designed by their creators to maximize wealth, income or other objectives defined by institutional structure of the society." Organization can be classified as political (legislature, chambers and committees, political parties, government agencies, and the judiciary), economic (private firms, trade unions, and business associations), and social (non-governmental organizations, schools, and parent-teacher associations). Thus,

organizations and individuals pursue their interests within an institutional structure defined by formal rules (constitutions, laws, regulations, contracts) and informal rules (ethics, trust, religious precepts and other implicit codes of conduct). Organizations, in turn, have internal rules (i.e. institutions) to deal with personnel, budgets, procurements, and reporting procedures, which constrain the behavior of their members. Thus, institutions constitute the incentive structure for the behavior of organizations and individuals.

Besides making distinction between institution and organization, it is important to distinguish between micro, meso and macro level of institutions (Tegegn and Kassahun 2004). Micro-level institutions are found at the community level. They represent people's ideas, interests and/or needs. This presupposes decentralized decision-making, the capacity on the part of members and leaders to use their rights; and availability of information pertaining to policy decisions. According to the same sources, institutions at meso-level are those that create an interface between government and grass-roots communities. They include cooperatives, provincial and district authorities, various independent non-profit organizations and trade unions. Important, however, among the meso-level institution are NGOs, federations of community groups and local governments. The macro-level institutions refer to government organizations. These institutions differ in scope and quality, particularly in terms of human resource and infrastructure.

2.2.2. Institution-Building

Though effectiveness of any development policy, *inter alia*, requires a committed government with strong visionary leadership as well as effective legislation and its enforcement. This is not the reality in most African countries. Rather they lack effective institutions, transparent and accountable public sector, and ability to enforce existing laws and rules that often lead to corruption and mismanagement thereby increasing the cost of conducting business in Africa (Tegegn and Asfaw 2002:24).

The success of development policies in general and decentralization in particular hinges on institutional capacity building. The importance of capacity building in Africa is now universally recognized because it enhances the transparency and accountability as well as capability of public institutions. These enable them to design effective policies and rules that check arbitrary state actions and combat rampant corruption (World Bank 1997; Tegegn and Asfaw 2002).

In fact, as Henock (1998:79) explained, capacity building has alternatively been identified as the "missing link" in Africa's development or as the "key" to Africa's accelerated development. In relation to decentralization policy, the institutional capacity of sub-national institutions to exercise self-rule and to deliver services, and of central government to facilitate and support decentralization, must be strengthened (World Bank 2000:78).

Even though the term capability and capacity are often confusing and misunderstood, the former refers to the individuals or groups knowledge, skills, and competence that are necessary to perform tasks. Capacity, on the other hand, refers to the overall ability of individuals and groups to actually undertake their assigned duties. It includes the capability, the overall tasks, resources, and frameworks with in which they are discharged (Aliyou 2005:26). It can be argued from the above that capability is a main aspect of capacity and also one of the determinant for effectiveness which is a result of using that capacity to meet society's need. Pertinent to this, a state may be capable but not very effective if its capacity is not used in citizen's interest (World Bank 1997:3).

Institutional capacity, broadly defined by Henok (1998:79) as "a nation's collective capacity to chart and implement its societal development project is undoubtedly sine quo non to development." Without such capacity, development is bound to be unsustainable. World Bank (2000:78) on its part defined capacity in general terms as the ability to anticipate and influence change, make informed decisions, attract and absorb resources, and manage resources to attain objectives. Similarly, as Turner and Hulme (1997:90) stated, capacity refers to:

> The process of identifying and developing the management skills that help to address policy problem ; attracting, absorbing and managing financial ,human and information resources; operating programs effectively, including evaluating program outcomes to guide future activities .

Parry (1997 cited in Tegegn and Kassahun 2007: 46) also defined institutional capacity as the "ability to set goals, anticipate needs, make informed decisions, and attract and manage resources in order to meet those goals". In this sense, therefore, capacity deals with the managerial abilities of institutions whether they are equipped to do what they are supposed to do. After stressing the need to initiate reforms for African governments that will focus on institution-building, Tegegn and Asfaw (2002: 25) elaborated its effect on improving good governance. By doing so, they defined good governance as institutional capability of public institutions to provide public good, and services demanded by people in an effective, transparent, impartial, and accountable manner (Tegegn and Asfaw 2002:47). Lastly, institution-building, known as reinvigorating state institutions, means designing effective rules and restraints, to keep arbitrary state actions in check; combat entrenched corruptition; subjecting state institutions to greater competition to increase their efficiency; providing incentives for officials and institutions to that perform better; making the state more responsive; bringing government closer to the people through participation and decision (World Bank 1997:3). Hence, it can be summarized from the above discussion that institution-building encompasses the improvement of individual as well as organizational capacity and in turn the enhancement of full utilization of this capacity. It also includes the deeper institutional mechanisms that give politicians and civil servants the flexibility, rules, and restraints to enable them to act in the collective interest.

According to Scott (2001:50), although institutions function to provide stability and order, they themselves undergo change, both incremental and revolutionary. Thus, our subject must include not only institutions as a property or state of existing social order, but also institutions as a process. A state must focus first on what capacity it has on that task that it can and should undertake. As it does this, it can then focus on building additional capacity (World Bank 1997:3).

As part of institution-building, it is clear that government personnel will need to be trained and new organizational and administrative systems put in place. Providing assistance for external training, for instance, will undoubtedly contribute to enhancement of a government's capacity in the short-run. Nevertheless, as to Henck (1998:82), the long term capacity will be created if a nation develops its capacity to produce the type of manpower it requires through strengthening national and sub-national educational, training, and management institutions to provide the requisite service. It is worth mentioning that an innovation that is specific to the public sector is the establishment of *Civil Service Colleges* that cater specifically for the needs of the government (Henock 1998:84). For institution-building to be successful, *inter alia*, it needs political and economic stability as well as institutional stability, if *learning by doing* is to be achieved and institution memory preserved; national leadership and commitment are crucial for sustained progress; and there is a need to create *capacity for capacity building*, if it is to be sustainable in the long run (Henock 1998:88).

2.3. Linking Decentralization to Institution Building: Analytical Framework

The term decentralization and institution-building are both fluid concepts. Each is associated with a wide array of issues, practices, challenges and context of improving the legitimacy and effectiveness of public institutions. Hence, each encompasses complex notions and varying reference points depending up on context and sets of interpretations to which they are applied. Decentralization and institution-building possess certain distinct elements and analytical referents that can be treated independently from each other.

Decentralization, for instance, encompasses the sharing and transfer of responsibility, resources, and authority from the centre to the localities to empower the citizens and improve service delivery (Stephen 2000:53). On the Other hand, institution-building can be designated as the ability of the state to perform collective action at least cost to the society. This notion encompasses the administrative, technical and financial capacity as

well as institutional mechanisms that give politicians and civil servants the flexibility, rules, and restraints to enable them to act in the collective interest (World Bank 1997).

Nevertheless, decentralization and institution building tend to coverage as concept in a number of ways. A policy of decentralization may be pursued with the intentions of promoting legitimacy, enhancing capacity of local governments, and the quality of their performance (Kassahun 2000:8). The analysis of the effects of decentralization policy on the quality of public institutions is possible through the pre-requisite set for the effectiveness of decentralization in section 2.1.4. If the policies comply with the political commitment for making the government closer to the people and also for transferring autonomy including financial and human resource aspects, the policy can be said to have a positive impact on the capacity of public institutions both in the short and the long term.

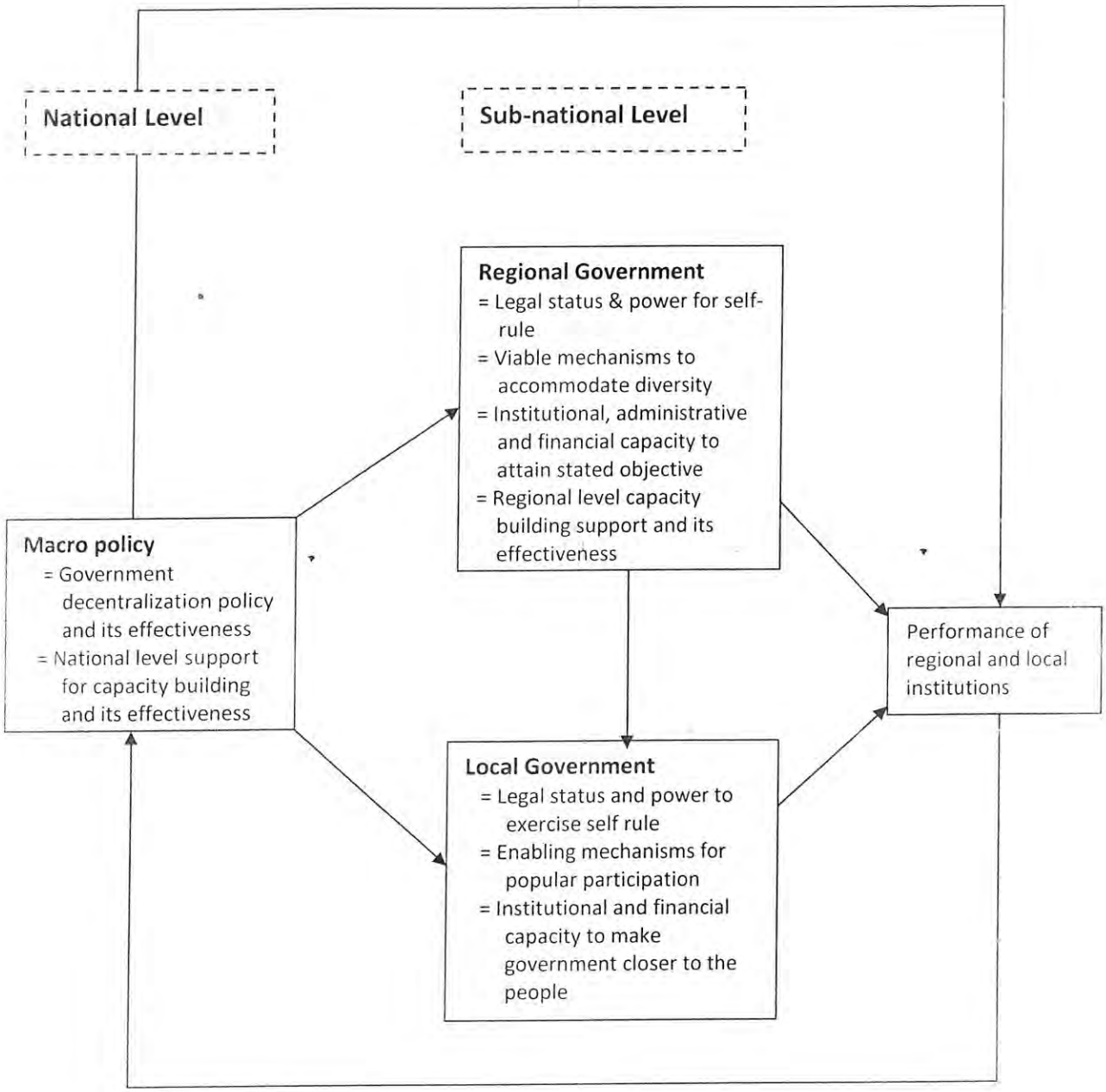
In a nutshell, it is possible to identify key aspects of decentralization and their effect on regional and local institution-building. This is given in Table 2.1. Moreover, it is possible to identify three levels of institutional setting in order to implement decentralization, namely, the national, regional and local levels. The first two levels are where enabling politico-administrative environment such as decentralization has to be provided for building regional and local institutions. Whereas the third level refers to local government that enjoys political, administrative, organization and financial powers. These operations of public institutions at the above mentioned levels interact to influence their extent of capacity building. The direction of interrelationships is depicted in Figure 2.1. This study, therefore, gives much emphasis to study aspects of decentralization contributing to institution-building at regional and local levels using the aforementioned conceptual guiding principles. The next chapter will describe some events and occurrences relating to decentralization and institution-building in Ethiopia during the incumbency of imperial rule, the Dergue, and EPRDF, whereby special attention is given to the current government's achievements, and challenges in undertaking decentralization by way of building institutional capacity at sub-national level.

Table 2.1: Aspects of Decentralization and their Effects on Institution-Building at Sub-national Levels.

Aspects of Decentralization	Key Elements	Effects on Institution-Building
Political Decentralization	-Transfer of decision-making -Empowerment	-Establish coherent, explicit & stable legal framework -Establishment of sub-national institutions -Independent, less influenced, & less controlled sub-national institutions -Established systems & mechanisms for political pluralism
Administrative Decentralization	-Institutional and organizational arrangement -Inter-governmental relations	-Clearly defined set of authority & accountability b/n regional & local governments -Well functioning organizational structures with clear power relationships -Established systems & mechanisms for vertical & horizontal accountability
Fiscal Decentralization	-Transfer of financial autonomy and responsibilities	-Well-articulated adequate financial power(raising own revenue & sharing revenue & expenditure b/n tiers of government) -Enough financial & managerial capacity that matches devolved powers
Decentralized Human Resource Management(HRM)	-Transfer of power on HRM functions	-Establishment of appropriate legal & institutional framework for HRM at regional & local levels -Enhance the capacity of burecracy(merit-based recruitment & promotion, adequate compensation & esprit de corpus) -Reduce the gap b/n demand & supply of capable &motivated staff

Source: Author from literature review

Figure 2.1: Institutional Arrangement for Effective Implementation of Decentralization at Regional and Local Level



Source: Author from literature review

CHAPTER THREE

Decentralization and Institution-Building in the Federal Democratic Republic of Ethiopia

3.1. Decentralization in Ethiopia: A Historical Overview

Prior to the assumption of power by Emperor Tewdros, the country was divided into different principalities with each regional leader enjoying control over his domain (Asmelash 2000:124). In other words, the emperor had little or no control over them and hence prevailed anarchical situation. Nevertheless, Tewdros on assumption of power took it upon himself to reassert the power of the centre and unify the country under his rule. His successor, Menelik II, laid the foundation of modern administration in Ethiopia by establishing central government institutions for the first time in the history of the country and hence crystallized the country's current map in the late nineteenth and early twentieth centuries.

Unlike its predecessor, Emperor Haileselassie modernized the system of administration and made government employees salaried employees by replacing the Gabar system (Asmelash 2000:125). As a result, Declaration No.1of 1942 defined the power and role of the Ministry of Interior (Meheret 2007:73). Where as Order No.43 of 1966 envisaged the establishment of Awraja local self-administration (Meheret 2002). The proposed order, as Meheret (1998:8) explained, was aimed to make 50 awrajas (selected from 14 provinces) self administrations with considerable autonomy though it was not implemented except in 17 Awrajas. The rational behind this move was the need to respond to public pressure for expediting the reform of the country's administrative system and hence ease bureaucratic congestion from the center (Meheret 2002:134).

In practice, the endeavor has failed due to the Emperor's lack of commitment and reluctance of conservative parliament on pretext that the decree could encourage political instability and secession (Kumera 2007:110; Van-der Loop 2002:13; Meheret 1998:8). The central government appointed governor generals (Enderasses) for teklaygizats and

governors for awraja and woreda administrations in order to act as the representatives of the imperial throne. Moreover, the local governments had no authority over their budget, could not undertake development on their initiative, and also had no elected local government councils (Meheret 2007:74; Meheret 1998). As a result, it can be concluded that the aforementioned measures helped to strengthen the centralized system of administration rather than promoting genuine self-government.

The Derge, following the collapse of monarch in 1974, created new grass-root administrative units, namely, Urban Dwellers Associations (UDAs), Peasant Association (PAs), and Goods\Service Cooperatives in urban and rural areas respectively to perform economic development function and deliver services (UN-HABITAT 2002:14-15; Kassahun 2000). As Tegegn and Kassahun (2004:41) clearly stated, they were assigned in "executing decision to the 1975 land reform act, transmitting and enforcing rules and directives flowing from higher levels of administration, serving as judicial tribunals concerning minor litigations among the community members, undertaking matters related to local development, service delivery and so on." In this connection, it can be argued that the UDAs and PAs were mainly established to implement the radical urban and rural land reform (Asmelash 2000:125; Tegegn and Kassahun 2004:41), and also to indoctrinate the Marxist-Leninist ideology and start one party control on state and society (Meheret 2007:74; UN-HABITAT 2002).

Due to opposition mounting against the Derge and especially the intensified nationalist based conflicts together with pressure from radical socialist countries, the regime was forced to consider some kind of decentralization. As a result, the Derge established the Institute of Nations as a government think-thank to draft a national constitution and advise it on reorganization of Ethiopian state (Meheret 1998:8). In 1987, the regime inaugurated the Peoples' Democratic Republic of Ethiopia (PDRE) following the promulgation of the new constitution (Tegegn and Kassahun 2004:41; Asmalash 2000:125). The constitution, among other, carried a number of articles focusing on nationality question and hence granted territorial autonomy to different nationalities. Accordingly, five self-governing autonomous regions (Ertrea, Tigray, Assab, Dire Dawa

and Ogaden), twenty-four administrative regions and over 350 awrajas (provinces) were formally established as regional administrative tiers (Kumera 2007:11; Tegegn and Kassahun 2004:42). Despite Derge's expressed commitment to the concept of autonomous regions through constitutional promulgation and subsequent proclamations, the regime was not ready and genuine to apply the "principle" of regional autonomy to all nationalities (Asmelash 2000:127). Rather, granting autonomous self-rule status to the aforementioned regions was applied selectively in the "trouble areas" with their established record of fighting for self-determination (Asmelash 2000:127). This was primarily driven, as Tegegn and Kassahun (2004:42) stated, by reason of expediency rather than genuine intention aimed at entrenching governance.

As a conclusion, decentralization measures under both the imperial regime and military rule aiming at ensuring empowerment and participation of citizens which help to promote local self rule never existed. Both regimes ignored unresolved issues concerning the nationality problem (Asmelash 2000). Neither officials were elected nor were they accountable to local people. Hence, as Kumera (2007:111) clearly stated, attempts at decentralization under both regimes were made with intention of only responding to the pressures from modernization and opposition groups with strict control of the center. The country remained a centralized system of government with the objective of building strong centralist state in all aspects.

3.2. Features of Decentralization in Post-1991 Period: Institution-Building Perspective

3.2.1. Political and Legal Framework of Decentralization in Ethiopia

Immediately upon controlling the reigns of power, the EPRDF government has brought substantial transformation in political, socio-economic structure and institutional arrangement of Ethiopian state. As a result, the current government embarked on the process of decentralization with the aim of changing the form of state from unitary to federal and consequently devolved relatively considerable powers in political,

administrative, fiscal and humane resource dimensions to various federal states. In relation to this, Assefa (2006:132) stated that the federal arrangement was introduced as a means of decentralizing power in response to the hitherto high concentration of power at the center, as well as to empower ethno-linguistic groups that resolve the "nationalities question".

The underlying legal bases for restructuring of the state under an ethnic based federal system emanates from the "*Transitional Period Character*" and the Constitution of FDRE. Some of the key priorities of the new government are, declaring primacy of national self-determination as inalienable right of ethnic groups (TGE 1991), the establishment of regional governments to promote self-rule (TGE 1992a), and the right to exercise democratic rights and basic freedoms of law (FDRE 1995). Pertinent to this, as stipulated in the constitution, the criteria for establishing and delimiting the member states are settlement patterns, language, identity and consents of the people concerned (FDRE 1995:17). As stated in Chapter One, as a result, nine ethnic based regional states and two autonomous administrations were lastly formed as constituent members of the Federal Republic (See Appendix 5).

According to Articles 51 and 52 of the federal constitution (FDRE 1995), the powers and responsibilities of the federal and regional government are clearly specified. Some of the powers and functions of federal government include formulation and implementation of overall socio-economic and development policies and strategies, finance and monetary policies, national defense, foreign policy, declaring state of emergency, and other issues, which need uniform application throughout the federation (FDRE 1995). The regions, on the other hand, are empowered to exercise all legislative, executive and judicial powers within their jurisdiction. The constitution also adds "all powers not given expressly to the federal government alone, or concurrently to federal government and the state are reserved to the state." Moreover, regional governments enjoy the right to adopt their own constitution, flags and anthems. This was "a move that signified the political devolution of legislative, executive and judicial power to sub-national governments (Kassahun 2000:23-24; Aklilu and Asnake 2000:3). Hence, there emerged a process of relatively expanded opportunities for a wider popular participation in political and socio-economic affairs.

The policy of decentralization, specifically attempted to address the issue of the national question by ensuring the empowerment of ethnic groups in exercising self-determination, at least *de jure* (Kassahun 2000:24). Furthermore, important steps were taken in terms of promoting identities, cultures, languages and histories of ethnic groups (FDRE 1995:13). So far, a number of regions within the federation as Harari, Somali, Oromo and Tigray as well as some zones of SPNNRS have adopted the use of their respective languages for administrative and educational purposes (Aklilu and Asnake 2000:3; Cohen 2006:166).

3.2.2. Structures and Powers of Federal and Sub-national Government Institutions

As part of the decentralization policy, the government was restructuring hierarchically, namely, Federal Government, Regional Governments, *Zones, Weredas* and *Kebele* Administrations (Meheret 2007:76). Consequently, the country was divided into nine regional states and two special city administrations, 66 *zones*, 550 *Woredas* and 6 special *Woredas* (Meheret 2002:137; Kassahun 2000:26; Tegegn 2001:21-22; World Bank 1999:ii) having administrative responsibilities for their own constituencies and the immediate higher authority within the hierarchy (See Appendix 6 and Figure 3.1 for graphical detail).

The regional governments are responsible for political, economic and social matters in their jurisdiction. As stated in the FDRE constitution, they enjoy legislative, executive and judicial powers. They establish their own councils which are the highest bodies that formulate regional policies, and are composed of directly elected representatives. In all region, the councils are unicameral legislatures except HPNRS, which is bicameral. The regional executive cabinet is the highest executive organ of the regions. It is responsible for undertaking administrative activities, and members are drawn from the regional council.

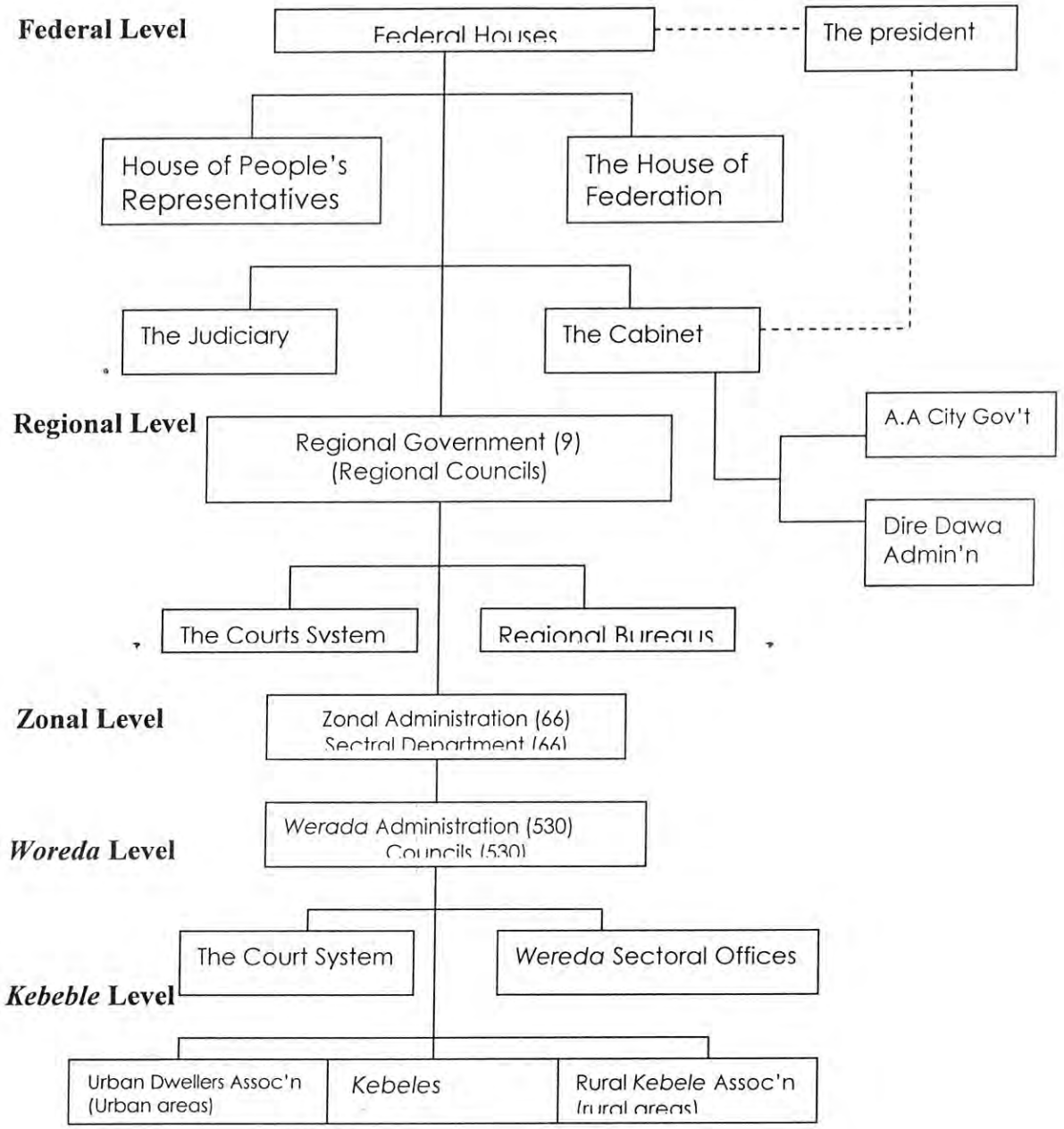
The Zonal Administrations are an intermediate unit of the hierarchy between regional and *Woreda* levels. Similarly, they provide technical and administrative assistance to the latter. They are not constitutionally created except in SNNPRS (Tegegn and Kassahun 2007:14-15; Meheret 2007:7B). Rather, they are established at later stages in accordance

with Article 15(6) of Proclamation No 7 of 1992(TGE 1992a) which empowers the regional governments to establish additional administrative units between the regional and *Woreda* levels by taking into account the area and population size of their respective regions. According to Kassahun (2000:28), they are responsible for coordinating administration, preparing development plan and supervising the implementation of budgeted activities. In relation to this, Tegegn and Kassahun (2007:17) explained that:

> Notwithstanding the mode and manner of their coming into being, however, all zones in the federating regions of the Ethiopian political system is accountable to their respective regional governments. In SNNPRS, zones are dually accountable to the regional state and the electorate in the Woredas. Zones are charged with the responsibility of coordinating the activities of Woredas, ensuring preservation and protection of cultural heritage and maintaining law and order in their areas and monitoring implementation of policies and laws enacted by the regional governments.

In the case of SNNPR, their existence and competence is sanctioned by state constitution lending their legitimacy based on mandate of the electorate. The underlying rational, as Bereket (2000) explained, is the fact that the region is known for its ethnic diversity-having their own languages and also diversity in cultures which make them semi-autonomous. Whereas the HPNRS, until now there is neither zone nor *Woreda* though different literatures (MEDaC 1998:7; Tegegn 2001:22; Tegegn 1999:107; Meheret 1998:11) stated that there are three *Zones* and nineteen *Woredas*. As stated elsewhere in this study, the region has established nine KAAs and are claimed to have the capacity of *Woreda* since 2004 (BoAPR 2004).

Figure 3.1: Organizational Structure of the Federal Democratic Republic Ethiopia



Sources: Meheret 2007; Mehehret 2002; Field data 2007.

The *Woreda* administrations, which are formed as formal structure of the regions, are composed of directly elected members and their administration and governance structures are organized in a manner that resembles organization of the machinery of the state at the federal level (Kassahun 2000:26; Tegegn 1998:108). As a result, their structure consists of legislative, executive and judiciary organs and also sectoral offices. As Asmelash (2000:131) and Tegegn and Asfaw (2002:31) described, councils as legislative bodies are established on the bases of periodic election and are accountable to the electorate and to the zonal executive committee, and through it to the regional cabinet. Concerning the constitutional power and responsibilities of *Woreda* councils, Aklilu and Asnake (2000:6) and Asmelash (2000:132) enumerated that they:

> (a) to carryout plans and directives issued by the *Woreda* council and its executive committee; (b) to issue social regulations specifically applicable to the *kebele*, which do not contradict those drawn up by higher council and their executive committees; (c) to elect its executive committee members chair person , and secretary of *Kebele* administration (d) to prepare detailed implementation programs for social and economic programs issued by higher level authorities; (e) to make additional planes of benefit to the *Kebele* residents; (f) to mobilize residents for development and for protection of natural resources; (g) to determine the wok of executive and other committees; and (h) to safeguard public safety and lower order.

Notwithstanding improvements observed in the process of performing the aforementioned powers and responsibilities of various tiers of government, there are often cited limitations. According to studies (Meheret 2007; Tegegn and Kassahun 2007; Tegegn and Kassahun 2004; Meheret 2002) in the area, the major problems faced, *inter alia,* are: lack of experience in managing decentralized system that prompted the central government to interfere in regional matters; absence of detailed legal framework for implementation of decentralization policy; paucity of efficient organizational structure; limited devolution of powers and functions to sub-regional administrations; weak administrative, institutional and financial capacity; limited political space for non-state actors and non-ruling parties; absence of well-coordinated locally adapted working system; non-existence of an integrated system of procedures in service delivery; and lack of vibrant system of popular participation.

3.2.3. Fiscal Decentralization

The political and administrative decentralization is accompanied by financial decentralization, which is meant to assist the regional governments to undertake their responsibilities (TGE 1992b). Accordingly, the new fiscal policy assigned decision-making power and revenue sharing mechanism between federal and regional governments. Moreover, regions receive subsidy from central government each fiscal year and they can also borrow from domestic sources (Article 35 and 36 of Proclamation No. 7 of 1992 respectively). They also have expenditure responsibilities though it is beyond the scope of this study.

The federal government, as stipulated in Article 98 of the Constitution (FDRE 1995), enjoys the right of appropriating taxes originating from sources like imports and exports; governmental and international organizations; income, profit, sales and excise taxes on enterprise owned by the federal government; income and wining of national lotteries and other source of chances; taxes on transportation fees and charges, service; federal stamp duties and monopolies and the like.

On the other hand, the regional governments are empowered to levy taxes originating from such sources as state and private enterprises; rented houses; fees for land; profit, sales and excise taxes operating within the region; regional transportation services; fees and charges from regional sources and royalty regional for land use from forest resources (Article 97 of FDRE Constitution). The proclamation also stipulated that the joint revenue sources would be administered and shared between the center and the regions. The area of joint taxation as to Article 98 include profit, sales and excise taxes, and dividends of companies and large scale mining income, income and royalties pertaining to petroleum and gas operations.

Thus, all regional states including the Dire Dawa Administrative council, with exception of Addis Ababa Administration are unable to fully cover their expenditures from revenue sources (MEDaC 2000:3; Tegegn 2000:74-5). This represents the so-called "vertical

fiscal imbalance" which refers to the mismatch between revenue means and expenditure needs at varied levels of government (Kibre 1994). The regional governments could cover only 41.8% of their recurrent expenditure from own revenue. Whereas the rest of the recurrent expenditure and the whole of the capital expenditure is met by subsidy from the federal government (Tegegn 1999:114). To bridge the fiscal gap, regional governments are reliant on federal government subsidy in external funding. The budget subsidy formula currently in use consists of four indicators: population (55%) development index (25%), revenue raising efforts (15%) and poverty level index (10%) (Tegegn and Kassahun 2007:21). For instance, Oromia and SNNPR relatively better off regions as compared to emerging ones receive more than 70% of their total revenue on average in the form of subsidy from federal government (Tesfaye cited in Tegegn and Kassahun 2007).

This implies that there is heavy dependency on the latter denoting that their autonomy is constrained in terms of planning and decision-making on the one hand, and the existence of significant influence of the center in directing matters to its liking on the other. Despite the constitutional power of the regions to borrow from domestic sources, it is very conditional, stringent and problematic (Befekadu 1994). The degree of decentralization in fiscal aspect is relatively limited to the region compared to the lower levels. Hence, as Befekadu (1994:47) noted, the regions in most cases depend on the Federal government due to absence of autonomy to regional and sub-regional units, and low revenue base of the region.

As part of the current initiative to deepen decentralization since 2001, *woreda* administrations as in Amhara, SNNPRS, Oromia and Tigray were entitled the power to use own revenue, receive block grant inter-governmental transfers, and to generate additional income from existing sources (Tegeng and Kassahun 2007:26). Subsidy transfer of regions to sub-regional governments is undertaken using similar formula that is used for federal to region transfer. According to Yigramew et al (2005:14), the formula consists of three parameters: population size, level of development and revenue generating capacity but with varying weights. The average weights were 55%, 30%and

15% respectively (Lissane and Mohammed 2005; Yigremew et al 2005). Concerning the source of revenue, they include direct income tax, business tax, rented tax, agricultural land use charges, rural land utilization charges, sales tax and others. Thus, the measures have not been fully translated into action due to lack of clear rule regulating local revenue collection and sharing of local revenue between *Woreda* and regions except for some regions (Tegegn and Kassahun 2007:29; Yigramew et al 2005:15), inadequacy of data on population, education, and lack of considering the disparities prevalent among *Woredas* in collecting and raising revenue (Tegegn and Kassahun 2007:29; Mohammed 2007:157).

3.2.4. Decentralized Human Resource Management

Even though the Ethiopian civil service was not legalized and took a condensed form, its inception in a modern style dated back to the reign of Emperor Menelik to whom further political cohesion and centralization was left for. The imperial regime in its effort to improve the administrative system of the country, has laid down a series of governing rules (Tesfaye 2001:35). Subsequently, the Central Personnel Agency, which was literally referred by the abbreviation CPA, had been established in 1961 by Order No. 23 of 1961. The CPA, since its establishment, acted as an executive body of establishing and maintaining a homogeneous service and had also been responsible for the central management of the civil service of the country. The Derge's civil service in general was characterized by highly centralized system.

Under the federal government structure, since 1991, the civil service took a new dimension. One of the distinguishing features of the civil service lies in the fact that it abandoned centralized style where decisions were made at the top hierarchy. But currently decentralization governs the civil service. In other words, the civil service had been a matter that fell under the jurisdiction of each separate regional state. The justification for adoption of this policy was the belief that autonomous regional government will be more effective in mobilizing and allocating resources based on their own set of priorities (Tesfaye 2000). In addition to this, it can enhance good governance since local staffs served the local people, they should be fully answerable and responsive

to their constituents through elected local leaders (Aliyou 2005:30). Accordingly, Article 25/7 of the FDRE Constitution authorized each regional state in Ethiopia to formulate and implement laws with regard to region's civil service and their conditions of work. It also stated that it shall ensure requirement for hiring, promotion and transfer like education, training and experience for any job title or position by taking approximate national standards. In general, the civil service of the regions is characterized by decentralization where each region enjoys the major responsibilities to perform activities of civil service.

Despite being the civil service being in the right direction, the implementation of decentralized human resource management has faced various challenges. First, the legal framework for federal-regional relations (FCSC and regional ones) seems very weak as compared to other institutions (Fenta 1998). Second, the regional civil service lack capacity to develop their own personnel policies and rules and even sometimes to interpret and implement the already existing ones (Fenta 1998:63). The situation is more sever in emerging regions. Third, the absence of effective accountability, poor control in grievance handling and inspection of human resource management in sector bureaus, *inter alia,* lead to the dismal situation in human resource management and governance (Aliyou 2005). This also makes employees receive very little legal protection from the regional civil service or from Administrative Tribunal. Lastly, lack of strategic plans in the Ethiopian civil service has been identified as a major weakness which forced the chief executive to be heavily involved in routine operation rather than giving strategic direction (Getachew 1998:207; Aliyou 2005:25).

3.3. Capacity Building Efforts in Ethiopia: Aspects of Regional and Local Institution-Building.

3.3.1. Capacity Building for Regional Level Decentralization

Due to the prevalence of development disparities among regions, decentralization scheme, *inter alia*, is aimed at promoting balanced regional development. The regions also vary in population size, area, and endowment in trained professional administrative,

and technical staff (Asmelash 2000:140; Fenta 1998:27; Meheret 1998). Specifically, the situation is more severe in some regions than others. During previous regimes, emerging regions such as Afar, Somalia, Benishangul and Gambella have not been key players in past development and also have not been a base to establish trained manpower(Asfaw 2004:68; Asmelash 2000:40; Tegegn 2000:83). Hence, great efforts are needed to endow them with the capacity to shoulder the devolved powers and responsibilities.

In order to see the magnitude of deficit in trained man power, the regional distribution by level of education ranging from Diploma to PhD shows that in 1996 and 1997 their were only 37,438 and 49,402 professionals excluding Afar. The regional distribution further shows that some regions like SNNPR, Amhara and Oromiya accounts for 75% and 76% of the professionals in 1996 and 1997 respectively (Tegegn 2000:84). The shortage is even more serious when it comes to skilled man power. For instance, out of 2,051 civil servants in Afar only 3% are trained at college diploma level whereas 37% cannot read and write (Tegegn and Kassahun 2004:49).

Cognizant of this problem, the government attempted to ameliorate by taking different capacity building measures for both regional and *woreda* level decentralization. To begin with the former, TGE redeployed civil servants and technical experts to regions. Accordingly, 679 skilled professionals from 16 sectoral ministries and offices of the central government have been transferred to different regions in 1994/95 (Tegegn 1999:129; Fenta 1998:76). Moreover, the government through various executive organs embarked upon a number of short-and long-term training programs for executive committee members and regional officials in the areas of policy analysis, development planning, public finance, project management and others (Tegegn 2000:85). Similarly, several workshops and study tours have been organized for different experts in various fields.

The establishment of the Ethiopian Civil Service College (ECSC) made a far reaching impact on training civil servants by making possible tailor-made curricula for the specific needs of the regions. Since its establishment in 1995 until 2003, the college had provided

education for more than 3,500 civil servants drawn from different federal and regional civil service at diploma and degree levels (Haile-Michael 2003:9). With respect to short-term training (taking up to 3 months), the same source indicated that more than 1,000 trainees from emerging regions completed training on accounting, law, management and survey of small cities. Following urban management reform, the college has been conducting training for trainers to build the capacity of members of both urban council and management committee for Amhara, Tigray and SNNP regional states (Haile-Michael 2003:10). The Ethiopian Management Institute (EMI) on its part was involved in the short-term (3-30 days) training for the regions. Between 1994 and 1997, the Institute had trained about 1,643 trainees from various regional bureaus and administrations (Asmelash 2000:141; Fenta 1998:78; Tegegn 1999:129). In relation to this, most regional states have now established their own management institutes though little is known about their performance.

Furthermore, the government has initiated training programs outside Ethiopia. It is worth mentioning the long-term training organized at the undergraduate and graduate levels in economics and graduate level in agricultural research, engineering, natural science, banking and accounting, health science, and social sciences in India. Accordingly, 750 trainees have been sent to India till 2000 (Asmelash 2000:141). On the other hand, distance education programs in collaboration with the Business School of Open University in the UK have been provided for leaders and civil servants of the country. To this effect, the leadership of the country completed the MBA program being the first batch. Besides this, some 5,000 regional civil servants in economically under developed regions are enrolled at the certificate and diploma levels (Asmelash 2000:141).

As a conclusion, the efforts mentioned so far are clear indication of the government's recognition that capacity building is most critical to accelerate regional development. Notwithstanding this, much still remains to be done in an organized way given the enormity of the country's capacity building needs.

3.3.2. Capacity-Building for Local level Decentralization

Capacity-building efforts for instituting viable *woreda* administrations prior to 2001 were insignificant. This is evidenced by the series challenges they faced like inadequate decision-making power, lack of experience in decentralized governance, absence of legal and policy framework, shortages of budgetary and financial resources, endemic staffing and skills shortages, unclear accountability and relationships, and inadequate organizational structures (Meheret 2007:69-70; Yigramew et al 2005:8). Studies (Tegegn and Kassahun 2004; Yigremew et al 2005; Meheret 2002) indicate that power is not sufficiently transferred to lower levels of government despite the existence of a system which aspires to decentralize power. The *woredas*, as a result, were found acting deconcentrated administrative units of regional and zonal sector bureaus.

Showing its conviction in the importance of devolution of power to lower tiers of government, the government introduced various reforms for promoting effective governance both at the central and local levels. More importantly, different institutional reform measures were taken through adoption of National Capacity Building Program (NCBP) with the aim of enhancing the capacity of public institutions in various spheres (MoCB 2003). One of the focuse areas of the NCBP, spearheaded by the federal Ministry of Capacity Building (MoCB), relates to improving the efficiency and effectiveness of rural *woredas*. To this effect, the *Woreda* Capacity Building Program alternatively known as District Level Decentralization Program (DLDP) was announced and became part of the broader program of Public Sector Capacity Building Program (PSCAP).

DLDP, in general, aims at enhancing effectiveness of institutions, working systems and human capital in an integrated and coordinated manner. The endeavor is believed to ensure devolution of power and self-reliance, creating accountable and responsive local governance, facilitating active participation and improvement of citizens (Tegegn and Kassahun 2004:45; Yigremew 2005:9). Since 2001, DLDP has been under implementation to speed up decentralization and capacity building in 430 woredas in four regional governments (Afar, Benshangul, Somali, Gambella and Harari) there was plan to

initiate and subsequent capacity building measures in 2004. The focal institutions to plane and implement DLDP are Federal MoCB, regional BoCB and *Woreda* Capacity Building Offices. In order to implement the program, fiscal and administrative decentralization measures have been taken. To this end, the aforementioned four regions implemented a *Woreda* grant system of transfer that closely replicates the Federal regional transfer. Furthermore, *Woreda* restructuring and redeployment of staff from zonal and regional offices to *woredas* was undertaken starting 2002.

With respect to municipalities, the decentralization policy in Ethiopia Prior to 2001 did not recognize municipalities as separate and distinct institutions to which power and resources can be devolved (Tegegn and kassahun 2007:30; Meheret 1998). In spite of the fact that different articles of the 1995 constitution allow for the establishment of municipal governments by regional states, the Ministry of Work and Urban Development (MWUD) (cited in Tegegn and Kassahun 2007:30) focuses on the need to be more explicit in regional constitution regarding the municipal governments. Since 2001, many regional governments resorted to reforming their municipalities by enacting municipal legislations that define the legislative system that clarifies the position of municipalities within the decentralized governance. Accordingly, the Amhara, Oromia, Tigray and SNNP regions have enacted municipalities' proclamations that define the governance structure and the various roles and responsibilities of municipalities (Tegrgn and Kassahun 2007:31).

The Federal DLDP Office document (cited in Yigremew et al 2005:11) indicated that despite some improvements such as legal frameworks for decentralized *Woreda* governments and also preparation of various guidelines to support the process in the regions (Lissane and Mohammed 2005:16), a number of problems were identified with respect to Woreda decentralization. According to studies (Meheret 2007; Lissane and Mohammed 2005; Yigremew et al 2005; Tegegn and Kassahun 2004) the identified constraints include limited capacity of federal DLDP as well as its weak communication and coordination mechanisms with regional BoCB; lack of capacity related to administrative, skilled personnel as well as meager revenue base; inadequacy in

institutionalizing the program, since there is no detailed legal framework, no comprehensive DLDP document at federal and regional levels, and not enough attention and ownership by BOCB; weak leadership and management capacity; lack of well-established governance system; absence of locally adopted working systems for planning, budgeting and execution; lack of well-functioning organizational structure; lack of sufficient awareness on the need to promote a culture of bottom-up initiative at local level; duplication of efforts; and lack of participation and consultation.

As *Woreda* decentralization is a learning-by-doing scheme; it is expected to implement intensive training. Notwithstanding this, Mohammed (2007:154) in his study find out, *inter alia,* that training was given in a piecemeal and haphazard manner.

It can be concluded from the above discussion that there is mismatch between legal and policy pronouncements on decentralization and its actual practice on the ground. Hence, for *Woreda* level decentralization to be successful, there is a need to clarify the policy of decentralization, develop a comprehensive strategy on how to go about it, and properly institutionalize the program.

CHAPTER FOUR

The Implementation of Regional Level Decentralization in the Harari Peoples' National Regional State

4.1. Introduction

This chapter deals with the presentation and analysis of the major findings of the study at regional level. It is structured to cover a range of issues pertinent to undertaking decentralization scheme in the region including political, administrative, fiscal and human resources management aspects of decentralization. Moreover, capacity building efforts for regional level decentralization in the region including PSCAP is provided. In examining these issues attempt is made to bring to light the major challenges encountered in the process of institutionalizing decentralization.

4.2. Political Decentralization

4.2.1. Establishment of the Harari Peoples' National Regional State

As stated earlier, the restructuring of the country on the basis of ethno-linguistic criteria was aimed at empowering ethnic groups to exercise self-rule. Hence, the Harari Regional State was recognized as one of the members of federation and was named region 13 (TGE 1992a).

Nevertheless, the regional state was not established legally during the transitional period. Though there is no sufficient and reliable information regarding the underlying reason, one of the main justifications was that the Harari ethnic group is a minority in its own region while the Oromo and Amhara peoples represent majority in the region (Personal communication 2007). In addition to this, the boundary of the region was not determined by the council of federation even though it was decided to be administrated by the Harari ethnic group; the political organizations that were found in the region such as the Islamic Front for Libration of Oromo (IFLO), Oromo Libration Front (OLF), Ogaden National

Libration Front (ONLF) were claiming Harar to be their capital; and the majority of Amhara ethnic group did not accept region 13 to be administrated by and/or named by Harari because it is a minority (Personal communication 2007; Yared 2005). At that time there is a sign of armed conflict among the aforementioned claiming parties including the HNL if the region is assigned to single ethnic group (Personal communication 2007). Hence, a provisional council was setup to represent the region in the pre-election period between 1991 and 1995 (Personal communication 2007; Mohammed 2001; Gibb 1997:379).

In October 1992, during the 18th regular meeting of the Council of People's Representative of TGE, a discussion on the recognition of Harar as a region was held (Ahmed 2000a:9-10). From this discussion, the council proposed the issue to be seen by the community elders represented from Oromo, Somali and the Hundene *Woreda* residents. Members of 17 PAs, representatives of the HNL and OPDO and other observers were presented in the meeting. On their presence, the following issues were critically analyzed:

a) Regarding Harar as a "city state" comprising urban and rural areas since its earlier period unlike other cities in the country;
b) The existence of Oromo and Harari farmers in the rural areas, though the Oromos are majority;
c) The presence of strong economic, cultural, historical and marital relationship between rural and city dwellers;
d) The need for the region's socio-economic viability;
e) The consent given by Hundene *woreda* residents in including the *woreda* as part of the region (Ahmed 2000a; Teshome 1995:14).

By considering the aforementioned issues, the ad hoc committee proposed the Hundene *wereda* to be part of the region 13. Later on, the council of representatives of TGE on its 58th regular meeting on October 1997 discussed the issue of boundary limit of the region and hence the issue was supported even by the Oromo Abbo and IFLO (Ahmed 2000a; TGE 1993). After discussing the recommendation presented by the ad hoc committee, the

council of representatives of TGE on its 102th regular meeting ratified the recommendation with some modifications (TGE 1994). Consequently, the council decided the representation of Harari region at federal government (i.e. in the Federal House of Peoples' Representative (FHPR) and House of Federation), and on the internal administrative structure of the region. In the later case, it explains the representation of the Harari and other ethnic groups in the legislative, executive and judicial organs of the region and also their respective powers and functions (TGE 1994). By conducting the 1995-election, the HPNRS was established at an inaugural meeting in 1995.

4.2.2. Representation and Empowerment of Citizens in the Regional State

In line with Article 54 of the FDRE's Constitution, which reserved at least 20 out of the 550 seats in the FHPR for minority groups whose population may not exceed 100,000, the Harari people irrespective of their number elected one representative from electoral district for the FHPR and an additional representative which represent a constituency. As far as the representation in the House of Federation is concerned, the FDRE Constitution Article 61 pointed out that each nation, nationality and people should have at least one representative. As a result, the Harari ethnic group is represented by one representative who is elected by the Harari People's Regional Council (here after HPRC). To this effect, the regional government has reserved three seats from the federal legislative bodies. As the field work results disclose, two representatives have been elected to represent the region in the FHPR-one from Jugal electoral district while the other from electoral district outside Jugal in the 1995, 2000 and also 2005 elections. Ethnically speaking, the former belongs to Harari while the later belongs to Oromo ethnic group in the above stated three elections. With respect to representation in the House of Federation, the HPRC has elected one representative who belongs to the Harari ethnic group for each of the past elections (Personal communication 2007).

As clearly stated in both the 1995 constitution of the region as well as Article 48 of the amended constitution of the region, bicameral system of administration was adopted in

the regional council unlike all councils of the remaining regions (HPNRS 2004a; TGE 1994; Yared 2005). Consequently, the HPRC comprises two assemblies, namely, the Harari National Assembly (HNA) and the Harari Peoples Representative Assembly (HPRA) as of Article 49 of the amended constitution (HPNRS 2004a).

According to the amended constitution, the HPRC comprises 36 members 14 from HNA and 22 from HPRA. All seats in the HNA, as stipulated in Article 50/2 of the amended constitution, are represented by members of the Harari people. They shall be elected only from the Harari community who reside in the region and also other regional states in the country (HPNRS 2004a). The HPRA, on the other hand, is assumed to represent and accommodate other ethnic groups in the regional council. To this end, Article 50/1 of the amended regional constitution stated that members of this assembly shall be elected from the candidates in two electoral districts-four of them are from Jugal electoral district and the remaining eighteen from electoral district, which consists urban *kebeles* that are found outside Jugal and PAs. It can be concluded that there is high possibility for the Hararis to win four seats in former electoral areas and for other nationalities in the later district. Ethnically speaking in the later district, the Oromos have greater chance to be elected in PAs while there is possibility for the Amharas to win seats in urban *Kebeles* excluding Jugal (Personal communication 2007). The amended constitution Article 58 empowers the HPRA to nominate speakers of the HPRC while the HNA, as of Article 59, nominate vice-speaker (HPNRS 2004a).

Here, it seems worthwhile to mention the results of the 2000 and 2005 elections. During the 2000 election, among the candidates representing Harari National League (HNL), Harari Peoples' Democratic Party (HPDP) and Oromo Peoples' Democratic Organization (OPDO), and also independent candidates that were running for 2000 election, the HNL holds eighteen seats i.e. all seats of HNA and four seats in *Jugal* special electoral district for HPRA, and the OPDO holds the remaining seats of the HPRA. Hence, ethnically speaking both the Harari and Oromo held half of the HPRC's seats. During 2005 election, on the other hand, the HNL holds eighteen seats while the remaining seats of HPRA were held by the OPDO(14), UDP(3), and EDPF(1). As a result, the opposition parties have

shared 11 % of the regional council seat whereas the HNL and OPDO won 50 % and 38.8 % respectively (See Table 4.1 for detail).

Table 4.1: HPRC Seats Distribution According to Results of May 2000 and 2005.

Political Parties	2000				2005			Percentage
	HNA	HPRA	Total	Percentage	HNA	HPRA	Total	
HNL	14	4	18	50	14	4	18	50
OPDO	-	18	18	50	-	14	14	38.8
UDP	-	-	-	-	-	3	3	8.3
EDPF	-	-	-	-	-	1	1	2.8
Total	14	22	36	100	14	22	36	100

Sources: Adopted from Anwar 2007; Field data.

As far as the representation in the executive body is concerned, Article 63 of the amended constitution stipulated that the HNA is entitled the power to nominate the president of the regional government (HNPRS 2004a). In other words, the president should be among the members of Harari ethnic group. The president, according to Article 64 of the amended constitution, appoints vice president of the region, president and vice-president of Supreme Court, chief and vice-chief auditor, police commissioner as well as cabinet members, head and vice head of bureaus and offices among others with the approval of the regional council. As confirmed by informants during interviews, since the establishment of the HPNRS, there is no explicitly stated mechanism of power sharing between the ruling parties in the legislative and executive organs with the exception of the regional president, which is reserved in the regional constitution for the Harari. Nevertheless, the HNL and OPDO officially announced the need to work together in general and formalizing appointment of higher officials in particular since 2004. Consequently, the Hararis have been appointed in positions like vice-speaker of the HPRC, chairperson for two permanent committee in the HPRC (Law, Administration and Women's' Affair as well as Social Affairs), five members of the regional cabinet, namely, heads of BoFED, BoE, BoTIUD, BoCTA and also manager of Harar Municipality. Whereas the speaker of the HPRC, chairperson for the remaining two permanent committees in the council (Economic Affairs, and Budget and Finance

Affairs), vice-president of the region, vice-mayor of Harar City, and four members of the regional cabinet such as heads of BoCB, BoARD, BoH and BoJS have been reserved for the Oromos (Office of the HPRC 2006; HPNRS 2006).

Despite the believe that decentralization could enhance women's participation, *inter alia,* women's representation in political leadership was minimal in 2000 election than 2005. Out of the 36 elected members for HPRC, only 6 (16.7 %) were women in 2000 election. Whereas in the 2005 election, women constitute 12(33 %) from 36 regional council members which shows 100 % increase from the previous election (Office of HPRC 2006). According to a member of the HPRC (Personal communication 2007), the major reason for the improvement in 2005 election is that the ruling parties (HNL and OPDO) have agreed to make 40 % of their candidates to be women that in turn gave chance to be elected. Apart from this, women have been well represented in recently established four permanent committees of HPRC having five members each. Out of 20 members of the above stated committees, women comprises 6(30 %) (Office of HPRC 2006).

It can thus be concluded that attention given to women's issues is improving. Notwithstanding the improvements in representing women in the legislative body, the situation in executive body is almost absent for the last decade. No single women is represented in the present regional cabinet that comprises 11 members including the president and vice-president, which shows the less attention given by the ruling parties since appointment is done through their consensus and hence need improvement. Prior to 2005 election, however, a woman was appointed as member of regional executive committee out of 7 members and also a woman became the president of the region though it was for about a month.

Based on the above discussion, the regional constitution guaranteed to protect the minority right of the Harari people by designing unique regional government structure i.e. bicameral as well as unique electoral system. This in turn, as explained earlier, enables the representation of the Harari people in the regional state besides creating mechanisms for representing and accommodating other ethnic groups in the HPRC. Notwithstanding

this, the research findings revealed that there are groups who are not satisfied with the current system of representation in the HPRC and also in the HREC.

For instance, there are Harari officials and informants who are dissatisfied with this (Personal communication 2007). The underlying rational behind this is that the Harari people should be empowered to administer the region having simple majority in the regional government since they were systematically oppressed by the previous regimes which ultimately led to the Diaspora of the Harari throughout the country and even abroad, and hence become minority in their own region. According to them, for instance, Menelik II ordered at the end of the nineteenth century that the mosque on the central square of the old city was to be replaced by a cathedral. Some decades later, Emperor Haile Selassie during his reign also pushed the Harari people to leave the city. They were able to receive land in Addis Ababa easily and were released from paying taxes once living there. Amharic became the official language, where it used to be Arabic, and the Harari persons were banned from all government jobs, the police and the armed forces. Moreover, higher taxes were levied on the Harari people and liquor store were only allowed in Muslim neighborhoods. As informant further states, the right of Harari to establish their region having simple majority in order to maintain their identity, culture, history, and develop their language (Personal communication 2007).

There are Harari Officials and informants who give emphasis on getting well with other representatives in the HPRC. This is owing to the destabilizing effects of the party structure of the region for the last decade. As to them, the HNL representing the Harari, is unable to exercise the nationality rights enshrined in the federal and regional constitutions since the exercise of devolved powers are not adequately institutionalized and relations of the ruling parties in administering the regional government is hardly formalized and regularized (Personal communication 2007). As a result, they claim on the existence of mutual coordination and cooperation with OPDO even though they do not oppose being simple majority of Harari.

Nevertheless, some Oromo officials and civil servants on their part do not accept the existing system of representation in the HPRC (Personal communication 2007; Tselote 2000:37-39). On the other hand, the Amhara are not satisfied with the mechanism of representation of different ethnic groups and hence, some of them propose proportional representation and status of Harar to be chartered city like Dire Dawa which is directly responsible to the Federal Government (Personal communication 2007; Yared 2005; Tselote 2000; Tobia 2000). In relation to this, the survey result shows that many (54 %) respondents believe the Amhara resist the current arrangement. While 28 % and 18 % believe the Oromo and Harari resist the mechanisms.

4.2.3. Political Powers and Functions of the HPNRS

The HPRC has the highest political and legislative powers in the region which is empowered to a wide range of areas. As stipulated in Article 47 of the amended constitution, the council exercises powers given from FDRE constitution, to formulate and amend the region's constitution and other policies, structure and organize internal administration of the region, levy and collect taxes on own revenue sources and so on (HPNRS 2004a).

On the other hand, the HNA has its own powers and functions. The assembly formulates policies and laws about the language, culture, and historical heritages which reflect the Harari culture, historical heritages such as Mosques, Shrines, and Tombs of saints, Graves and others (HPNRS 2004a).This obviously created a favorable environment for the Harari people to preserve their identity, culture, language, and history. To this effect, it was decided that the working language of the HPNRS should be Harari and Oromiffa though it has not been implemented up to now (HPNRS 1995; HPNRS 2004a).

In reality, however, the performance of the assembly was not impressive. Here, it is worthy to mention that the assembly has promulgated different proclamations since its creation in 1995. As confirmed by most respondents as well as informants, most of them have not been realized except some. For instance, the assembly enacted proclamation No.

12 of 1998 that was aimed to establish the Harari Language Academy. The major reason for its creation is the need to standardize the Harari language and pave the way to its usage in government institutions, schools and judicial organs. Nevertheless, it was not established until 2004. Even after that, as confirmed by interviewees, the higher officials have not given enough attention to support the academy. In relation to this, though the Harari and Oromiffa languages are in use in some primary schools as compulsory while in others as optional in the region, most Harari and Oromo respondents and informants reveal their disappointment on lack applying the Harari language together with Oromiffa as the regional language as stipulated in previous as well as the amended constitutions of the region.

In this connection, Ahmed (2000b:33-34) pointed out that despite efforts to protect the history, culture and language of Harari, the activities were performed below its capacity owing to various reasons. As research findings show, the major ones are lack of viable structure which is separate from HPRA, and working procedures that enables to undertake its responsibilities; its fusion with the executive organs of the region until recently; unresponsiveness as well as absence of transparency and accountability of the assembly's officials in performing their assigned duties and responsibilities in the constitution and the subsequent proclamations, rules and regulations; absence of well-skilled and experienced staff to utilize its budget; and weak and/or lack of commitment of regional executive leadership which is accompanied by absence of enforcement mechanisms.

With regard to the powers and functions of HPRA, the amended constitution in its Article 58 described that it is responsible to initiate economic, social and development policies which enhance the development of the region (HPNRS 2004a). In other words, the assembly does not have legislative powers rather it initiates draft laws on socio-economic development policies, strategies and then submit to HPRC for approval. Moreover, it initiates proclamation with regard to taxes on agricultural production and draw up the region's budget.

In sum, in due course of implementing and exercising political devolution, a number of challenges inhibit the autonomy of the HPNRS. One of the crucial problems faced is the fact that the central government influence, which mostly dictates the course and process of administrative activities of the region. The Harari region is largely subordinate to the center that is dominated by the political elite emanating from the region. This is to say that the region is not made to be politically co-ordinate unite (Watts 1970 cited in Aklilu and Asnake 2000:5). This is confirmed by the press briefing of the presidents of five regional states, namely, the Harari, Benshangul, Afar, Somali and Gambella. In particular, in terms of inter-governmental relation between the federal and the HPNRS, it is characterized by a custodian relationship (Simegn 2001:1). The political interaction between the federal government and HPNRS, regardless of decentralization, is top-down process, and hence this inhibited the consolidation of the autonomy of the Harari region (Simegn 2001).[4]

Another key challenge identified by research is the instability of the regional government owing to the conflicts between the two ruling parties since the establishment of the region. Though the parties are not considered as opposition parties, they do not have formal mechanisms to coordinate, cooperate and resolve problems between them in administering the region jointly. According to most respondents, there is lack of trust among members of the HPRC as well as the executives which ultimately led to lack of co-operation and coordination while performing their duties and responsibilities. This in turn adversely affected the regional development in general and effectiveness of decentralization in particular for the last decade. [5]

4.3. The Administrative Decentralization

As stated in section 3.2, the regional governments in the country are accorded with administrative powers and responsibilities that enable them to exercise self administration and create wider opportunity for popular participation to citizens at the grass root levels. Beside this, it is aimed at establishing and/or restructuring appropriate levels of government with adequate powers and responsibilities that help to deliver efficient and

effective service to the locality. As a result, almost all regions have organized themselves in to four tiers of government viz, Regional, Zonal, *Woreda* and *Kebele.*

4.3.1. The Administrative Stricture and Powers of the HPNRS

The HPNRS, unlike other regions, has three tiers of administrative structures, namely, the Regional State, the KAAs, and sub-*Kebele* administrations (See Figure 4.1 for graphical detail). The amended regional constitution of 2004 sets out the regional powers and responsibilities while Rule No.8 of 2004 and Proclamation No.44 of 2004 on the other hand set out that of KAAs and Sub-*Kebele* Administrations respectively. In this sub-section, the powers and responsibilities of the regional government is observed while the powers and responsibilities of the KAAs and sub-*kebele* administrations is assessed in section 5.2 of chapter five.

The HPNRS is responsible for political, economic and social matters within its jurisdiction. The region as indicated in Article 46 of the amended constitution enjoys legislative, executive and judicial powers. The HPRC, which comprises HPRA and HNA, is the highest legislative organ of the region whose members are elected by and accountable to the people. It is also to be recalled that the HNA is accorded legislative power with respect to culture, language and history of Harari whereas the HPRA does not have legislative power rather it initiate draft laws with regard to the regional economic and social development policies and strategies of the region (See Appendix 4 for detail).

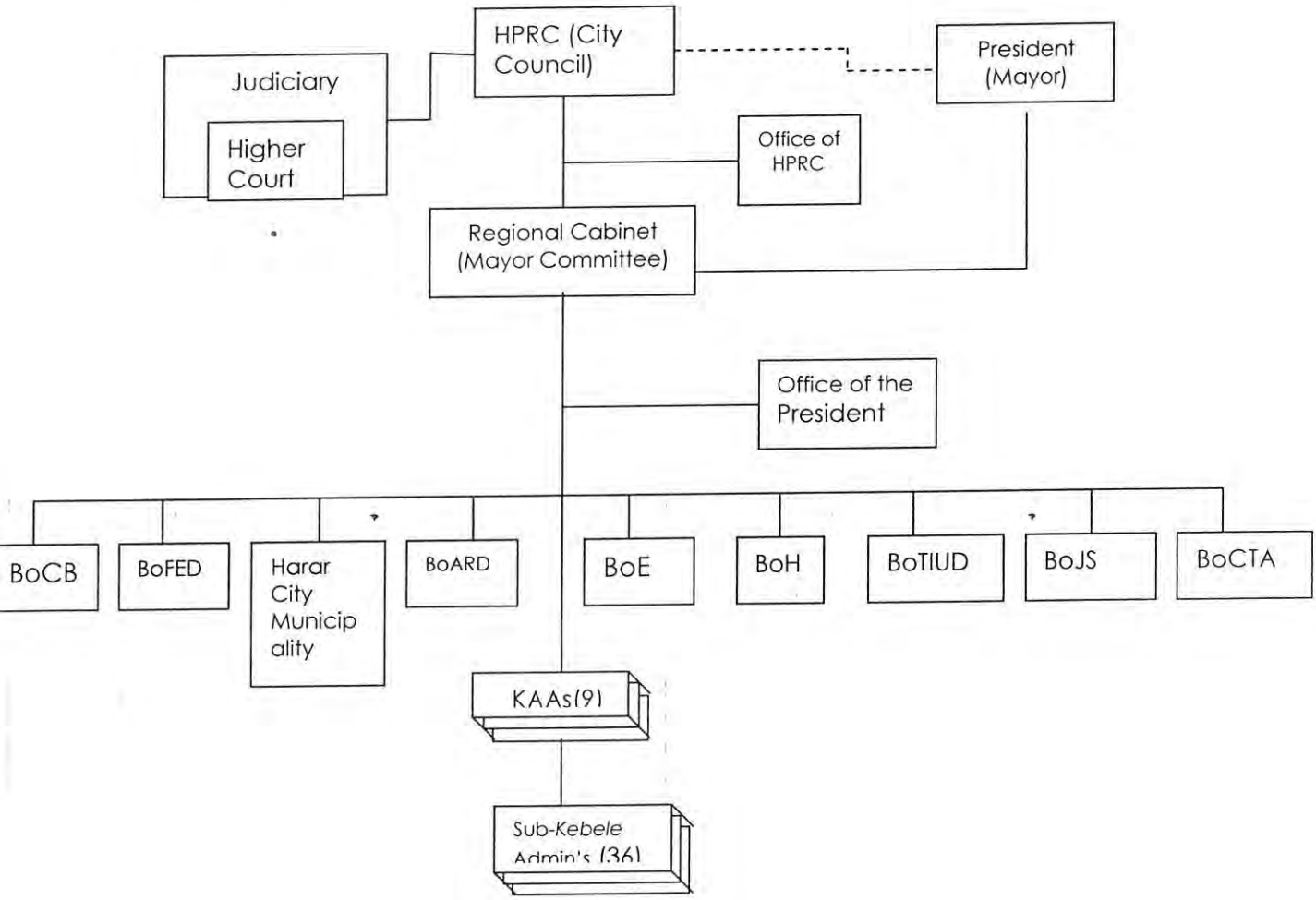
Prior to 2006, the HPRC did not have structure and working procedures, rather it has been fused with the executive body for almost a decade (Office of HPRC 2006). Since then, the HPRC established four permanent committees such as Law, administrations and women's affairs; Economic; Social; and Budget and Finance. The committees consisting five members each are empowered to monitor and evaluate the executive organs. Notwithstanding the structural improvements stated above, the committees are not functioning as expected since most members are engaged in other responsibilities (Office of HPRC 2006:4).

The regional cabinet is the highest executive organ of the region and comprises the president, vice-president and nine bureau heads (HPNRS 2007) (See Figure 4.1 for graphical detail). The cabinet is accountable to the council and also the president, and responsible for carrying out administrative functions. It leads, coordinates and controls regional administrative tiers. Moreover, it prepares and also implements after approval, plans and programs that facilitate socio-economic development of the region as well as annual budget of the cabinet. In spite of the fact that the power of formulating regional economic and social development policies is mandated to the HPRC, the cabinet plays crucial roles by initiating and submitting policies to the HPRC. On the other hand, the cabinet formulates rule and regulations in accordance with the power given from the HPRC and also creates relations with executive members of the federal government. In addition, it coordinates leads and supervises various bureaus and other executive bodies (HPNRS 2004a). The current organizational structure of the region is indicated in Figure 4.1.

Regarding the City of Harar, the amended constitution of the region in its Article 45/2 explicitly recognizes the city to have autonomous self administration. Consequently, the HPNRS enacted Harar City Proclamation No.58 of 2006 that define the position of the city within the decentralized governance, governance structure of the city, and the various roles and responsibilities of the city. With respect to governance structure, the region has opted for council-mayor system. According to Article 10 of the city proclamation, the governance organ consists of the City Council, the Mayor, the Mayors' committee, and the manager and vice-manager of the municipal services. As Minas (cited in Tegegn and kassahun 2007:31) described the council-mayor system provides executive leadership in the mayor who is often elected and serve as a chair and political heavy weight. As to most respondents and informants, despite the aforementioned pronouncement, the city of Harar is not recognized as an independent entity to which power and resources can be devolved as enshrined in the amended constitution. The underlying justification is that the city council and Mayors committee are the HPRC and the regional cabinet respectively. Moreover, the Mayor and vice Mayor of the city are the president and the

vice-president of the region respectively which is adopted from Addis Ababa (Personal communication 2007) (See Figure 4.1 for graphical detail).

Figure 4.1: Government Structure of the HPNRS



Sources: HPNRS 2007; HPNRS 2006; HPNRS 2004c; Field data 2007

4.3.2. Federal-Regional Relations

Apart from assessing formal distribution of powers and functions among various tiers of government, looking at the actual inter-governmental functional and authority relationships is necessary. By doing so, it can be generalized about whether the actual inter-governmental relations are undertaken according to the spirit and meaning of the

laws or not. This in turn is crucial to understand the degree of decentralization at regional as well as sub-regional levels. It is believed that cooperative and collaborative relationships among different tiers can be observed when regional and sub-regional governments have relatively full autonomy. To begin with the federal-regional relations, there is no clear legal framework due to its weak definition in the federal constitution. Hence, it is regulated by semi-formal mechanisms. At this juncture, it is worth to mentioning the role of former Regional Affairs in the Prime Minister's Office and the present Ministry of Federal Affairs (MoFA) in overseeing the political development of regions, providing administrative and technical support to emerging regions, and undertaking the implementation of socio-economic projects on their behalf among others. Though the MoFA emerged with more elaborate legal structure as compared to old Office of Regional Affairs, the ministry's assistance is not to all the states but to the less developed ones. In other words, emphasis is given still to later. According to Assefa (2006: 155), the ministry is not broadly organized to facilitate intergovernmental relations between the center and states, its supervisory and coordinating role is limited to a few institutions and no institutional structures of the federal executive have been established in the states concerned. With this respect, Assefa (2006:156) and Meheret (2002:139) explained that the federal intervention in the HPNRS was relatively less formal and the region in turn enjoyed a relatively higher degree of autonomy and independence than the emerging regions. However, weaknesses of formal mechanisms of federal-regional relations, if not completely non-existent, to supervise, coordinate and take corrective actions on its part affected the region in one way or another.

The absence of formal mechanisms of inter-governmental relations that hinder in resolving the conflicts between the ruling parties. According to one of the key officials of the HNL, the process of negotiation between the HNL and OPDO has taken more than three years. The negotiation was handled by the MoFA, FHoPR and lastly the Prime Minister (Personal communication 2007). Hence, formal mechanisms for inter-governmental relations separate from the party structure are key conditions for the stability of the federation.

4.4. Fiscal Decentralization

As explained in section 3.3, the stringent conditions for successful decentralization policy are closely tied to the provision of adequate degree of financial power and autonomy to the lower tier of government. Accordingly, the FDRE government had decentralized the fiscal system to the regions by transferring powers to raise their own revenue, share revenue with the center, receive subsidies from the center, and also borrow from domestic banks. Hence, this sub-section deals with examining the extent of financial autonomy of the region in light of identifying the major challenges of fiscal decentralization.

4.4.1. Regional Sources of Revenue

The HPNRS, according to Article 47/2 of the amended regional constitution, has the right to impose taxes on the sources that are reserved for the region. As clearly indicated in Article 13 of proclamation No.2/1996 and also Article 13 of proclamation No. 47/2004b, the Bureau of Finance and Economic Development (BoFED) is the responsible body to levy and collect taxes on every sources of revenue and also confirms whether the collected revenue is handled properly or not. Besides this, it is responsible to create favorable situation to broaden the tax base and to develop fair revenue collection system. According to informants (Personal communication 2007), the BoFED collects from the revenue board, the municipality and different bureaus entitled to collect revenues.

The HPNRS, since its establishment as one of the FDRE in 1995, started collecting its own sources of revenue and also received from other sources of revenue, federal grants and subsidies, domestic borrowing and assistance from non-governmental sources. Hence, the following Table 4.2 shows the internal as well as the external revenue sources of the region from the 1997/98 to 2006/07 F.Y.

Table 4.2: Revenue of the HPNRS by Sources and their Respective Share from Total Budgets, 1997 /98-2006/07 F.Y. (in Birr /Millions).

No.	Items	1997 /98	1998 /99	1999 /00	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05	2005 /06	2006 /07
1	**Own Revenue**	8.1	10.1	10.4	9.9	12.3	13.9	14.3	16.1	17.8	20.3
	A.Tax Revenue	5.6	7.4	8.2	7.8	10.1	11.8	11.2	12.2	14.9	16.3
	*Direct Tax	5.3	7.0	7.7	6.6	8.5	11.2	10.0	11.6	13.8	14.4
	-Income Tax	1.7	2.3	2.4	2.3	3.5	4.1	4.3	5.6	6.6	5.4
	-Business Π Tax (Chat Tax)	3.6 (2.9)	3.8 (3.1)	4.6 (4.1)	4.0 (3.1)	(NA) (4.0)	(NA) (5.1)	(NA) (4.1)	(NA) (4.4)	5.9 (4.5)	8.8 (5.1)
	*Indirect Tax	0.3	0.4	0.5	1.2	1.6	0.6	1.2	(NA)	1.1	1.9
	B. Non-Tax Revenue	2.5	2.7	2.2	2.1	2.2	2.1	3.1	3.9	3.9	4.0
2	**Federal Subsidy**	76.5	80.3	NA	50.3	63.7	70.3	72.7	77.2	98.5	117.1
3	**Foreign Assistance**	2.2	0.9	NA	2.1	4.6	8.9	1.9	1.4	2.7	1.8
4	**Foreign Loan**	1.2	5.5	NA	13.6	11.3	11.1	2.9	2.9	1.2	1.6
	Total	88	96.8	74.0	75.9	91.9	104.2	91.8	97.6	120.2	140.8
	1 as % of Total	9.2	10.4	13.6	13.0	13.4	13.3	15.6	16.5	14.8	14.4
	2 as % of Total	86.9	82.9	-	66.3	69.3	67.5	79.2	79.1	81.9	83.2

Sources: BoFED 2006a; BoFED 2006c; the Budget Proclamations of the HPNRS for 1997/98-2006/07F.Ys.; Field data 2007.

N. B. Figures for non-profit tax, subsidy, foreign assistance and loan are adopted from Revenue and Expenditure Report of BoFED for 1998/99-2005/06F.Ys., Amharic, 2006b.

N. A. Not Available

The above table illustrates the increasing trend of the regional revenue from year to year though initially it was at decreasing rate. From the major sources, the tax revenue covers the highest share on average, that is, more than 78.5 % of the total revenue while the non-tax had the revenue share of 21.5 %. Within the tax revenue, the direct tax has a lion share and covers more than 91 % of the tax revenue and more than 71 % of the total revenue.

The income and business profit taxes are important and cover 38.5 % and 57.7 % respectively of the direct tax. The business profit tax covers almost 52.8 % of tax revenue

on average. Nevertheless, the performance of revenue collection in this source of tax is very low mainly due to the expansion of illegal trade and contraband activities in the region. This situation adversely affected the revenue of the region. This problem is also exacerbated further due to lack of control and absence of effort to bring illegal activities to legal operation on the part of the HPNRS as confirmed by a report of BoFED (BoFED 2000:30).

The tax on chat, which is the major source for tax revenue and also for the region, covers over 77 % of the business tax on average. Even the revenue generated from the tax on chat alone is four folds that of indirect tax. It generated, for instance 4.5 and 5.1 million Birr for 2005/06 and 2006/07 F.Y. respectively, while the revenue collected from indirect tax for the same year was 1.1 and 1.9 million Birr respectively. In spite of its higher share in the region's revenue and increase from time to time, it is still small in comparison to the available potential of revenue generating capacity of the region.

To support this argument, it is worth comparing the amount of chat exported legally and illegally to Djibouti and Somalia per day. Out of the total chat exported to both countries (about 55,000 kg per day), about 11,000-12,000 kg per day is exported to Djibouti while surprisingly more thane 15,000 kg per is exported illegally to Djibouti. Some times this amount of cha*t* arrives before the legal ones.[5] In the case of HPNRS, about 42,000 kgs of chat passes in 1999/00F.Y. through Hamaressa and Dakar checking-points known as kellas per day which can bring annual revenue of 30.7 million Birr of which the HPNRS can collect simply 50% or 15 million while the remaining 50% can be shared by Oromia regional state (Mohammed 1998b). In reality, this is not the case. According to informants (Personal communications 2007) there is no explicit working system at national as well as regional levels hence at all *kellas* tax is collected based on difference i.e. amount of 'chat' not taxed from Oromia *kellas* is taxed in the aforementioned two *kellas.* As most discussants stated, if the exporters are in a hurry and want to arrive at the market early, tax is collected on the name of time, which is called in Amharic "Yeseat". In this connection, recently when the business community especially exporters had discussions with Prime Minister Meles, the federal government confirmed the existence

of the problem and in turn the government has been undertaking research to rationalize the system.[7] Hence, it can be argued that the region is collecting far below its potential. Besides the aforementioned obstacles, weak and inefficient revenue administration, prevalence of corruption, lack of established cooperation between the HPNRS and Oromia region with regard to the distribution and share of the revenue from chat, *inter alia*, are usually cited as challenges that limit revenue raising capacity of the region.

On the other hand, agricultural income tax and rural land use fee are other potential sources of revenue though they are not collected properly. The justifications given for this during discussion and interview include lack of data regarding the exact number of farmers, absence of appropriate and up to date proclamations and regulations consistent with the prevailing conditions. Especially there is no correct and fair tax rate system in the region (BoFED 2000).

Thus, we can infer from BoFED reports that the performance of revenue collection of the region was relatively good as compared to its target (BoFED 2007; BoFED 2006b; BoFED 2005). Notwithstanding this, it can be concluded from focus group discussions and interviews that the existing revenue raising capacity or effort of the region is very low when we critically analyze the available potential sources. The following are the noticeable challenges identified. First, lack of appropriate and fair revenue collection system is one of the major obstacles in the process of the region's revenue collection. Second, expansion of illegal trade and contraband activities significantly reduce the revenue of the region and market share of legal traders. Third, the region is using old tariff rate that were enacted before 30 years ((Personal communication 2007; HPRC 1994/95:17; Nebil 2000:18).

The next constraint is the scarcity of skilled and experienced manpower in the region in general and the BoFED in particular (Personal communication 2007). As a result, there is no improved mechanism and methodology of tax assessment, development of new tax bases and developing new tariff rates. The other problem cited is the rampant of corruption on the part of tax collectors and civil servants which significantly reduce the

region's revenue. Even though the regional government is aware of this problem, it is reluctant to take the necessary legal measures to reverse the problem. Instead, it simply discharges corrupt individuals from their positions. Even this is done sometimes solely for political reasons. This obviously exacerbates the situation rather than ameliorating it from time to time. Moreover, on the part of tax payers, there is a significant amount of uncollected revenue (Personal communication 2007). Finally, the performance of its recollection effort was also low. In this respect, for instance, BoFED in 1999/00 F.Y recollected only 60% and 40% of the targeted revenue from business profit tax and sales tax, and guarantee's fee respectively (BoFED 2000:29).

Table 4.3 Expenditures of the HPNRS for 2000/01-2006/07F.Y (in Birr/Millions)

Fiscal Year	Allocated Budget			Actual Expenditure			% of Actual
	Recurrent	Capital	Total	Recurrent	Capital	Total	
2000/01	46.00	29.17	75.17	41.69	21.48	63.17	84.04
2001/02	50.62	50.34	100.96	46.96	30.66	77.62	76.88
2002/03	64.90	36.09	101.00	55.96	39.95	95.91	94.94
2003/04	63.95	27.77	91.72	57.72	24.07	81.79	89.17
2004/05	65.54	37.04	102.58	48.49	32.75	81.24	79.20
2005/06	84.45	44.00	128.45	NA	NA	121.10	94.28
2006/07	98.37	50.16	148.53	97.56	50.16	147.72	99.45

Sources: BoFED 2006b; BoFED 2006c; the Budget Proclamations of the HPNRS for 1997/98-2006/07F.Ys.; Field data 2007.

N. B. Figures for actual expenditure for 2006/07 F.Y is adopted from *Zena Kilil Miker Bet*, Office of the HPRC, 12th Year, No. 2, Amharic, 2007.

N. A. Not Available

As can be observed from Table 4.2, the HPNRS collects small amount of revenue regionally and in turn depends very much on subsidy from the federal government. Accordingly, the revenue generated from own revenue could cover on average only

13.4% of the total expenditure budget. In contrast, on average 77.4% of the total budget is covered by subsidy. This shows that the major part of the recurrent and the whole of capital expenditure are covered by subsidy from the center. In other words, though the growth rate of the region's own revenue indicates an increasing trend, 1.7 million Birr (10 %) and 2.5 million Birr (14 %) in 2005/00 and 20006/07 respectively, which covered 21.3 million Birr (27.6 %) in 2005/06 and 18.6 million Birr (18.9 %) in 2006/07.

According to Table 4.3, the annual budget of the region, like the subsidy, illustrates increasing trend due to the increasing expenditure needs to accommodate rising need for development projects. Nevertheless, the share of capital expenditure for the last seven years has almost been the same which constitute on average less than 37 % of total regional budget. Regarding the actual utilization of the allocated budget, the performance of the is improving (from 84 % in 2000/01 F.Y to 99.45 % in 2006/07 F.Y) as can be observed from Table 4.3 above except for the 2003/04 and 2004/05 F.Ys, which accounts about 89.17 % and 79.20 %. It can be concluded from the discussion that despite the increasing trend of expenditure need, the percentage share of capital expenditure has not been improving as compared to that of recurrent expenditure. On the other hand, this need is weakly supported by an effort on the part of the region to improve its capacity and increase its own on the one hand and

On the other hand, when we look at the share of entitlement of HPNRS, according to the existing budget subsidy formula, it is the smallest (1.9 %) of all regional states including Dire Dawa administration (MEDaC 2000). Obviously, this is due to the fact that the region has small population size, low revenue raising capacity and so on. Thus, inefficient revenue raising effort of the HPNRS seriously affected the amount of subsidy received from federal government.

Accordingly to Article 35 of proclamation No. 7/1992, the HPNRS has the right to borrow from domestic sources if it fulfills the preconditions. Consequently, the region can borrow only for the specific purpose of financing projects and also when there is ability to prove its capacity to repay the credit through revenue forecast. In reality, the

region did not borrow from this source due to low capacity of the region not only on repayment but also to cover its budget. Notwithstanding this, the regional state has borrowed 143,348,984 Birr for integrated housing development project (Office of the HPRC 2007).

4.5. Decentralized Human Resource Management in the Harari Peoples' National Regional State

4.5.1. Legal Framework for Decentralized Human Resource Management

Up on the establishment of the HPNRS in 1995, the HPRC established the executive body that comprises different bureaus. As to proclamation No.2 of 1996, the Harari Civil Service Commission (HCSC) was officially established as the executive body of establishing and maintaining a homogeneous service in the region (HPNRS 1996). Consequently, the HCSC was empowered to exercise the following powers and duties:

a) Ensuring that the policies, rules and regulation formulated by federal and HPNRS have been carried out;
b) Determining the grades and salary structure in the Harari Civil Service based on principles and standards of position classification;
c) Ensuring implementation of salary scale, allowance and conditions of service;
d) Formulating and executing requirements, selection, transfer, promotion, disciplinary procedures and training based on the rules and regulations of the government;
e) Recording detailed statistics of the civil servants of the region and report to the concerned federal and regional government bodies;
f) Giving final decision on the applications to extend beyond retirement age, applications to dismissal case due to inefficiency, and appeals of civil servants of the region;
g) Formulating and controlling the recruitment and selection of casual employees based on the rules and direction of the region;

h) Formulating and monitoring the implementation of performance appraisal system;
i) Reporting the problems encountered during implementation of rules, regulations and directions of civil servants to concerned federal and regional bodies; and
j) Assessing and providing suggestions about organizational structure and human resource management of regional bureaus.

Enjoying the aforementioned powers and responsibilities, the HCSC has scored significant achievements and at the same time encountered a number of challenges and constraints since 1996. The commission has been able to provide administrative service such as hiring, transfer, promotion, salary increment, allowance etc, which helped to give timely decision and hence removed long delays due to centralized civil service during the previous regimes. Though it was out of its duties and responsibilities, it has prepared organizational structures, job description and others for the regional bureaus. In addition to this, it has issued different rules and regulations. This creates a chance for the employees of the region to participate in the process of formulating, implementing and managing policies and directives of the civil service (Personal communication 2007).

Notwithstanding the achievements witnessed, the performance of the commission is bedeviled by a host of constraints. It is argued that officials as well as personnel administrators of the civil service so far have failed to adhere to personnel rules and regulations (Personal communication 2007). This is owing to the fact that the HCSC often failed to focus on creating an enabling environment through establishing viable legal and institutional framework and entrenching enforcement mechanism rather than being pre-occupied with routine activities. In other words, it acted as personnel administrator of the regional civil service. These situations, according to the research findings, emanated from the limited attention and support of higher officials to human resource management in general and HCSC in particular, little effort of the commission to replace the old fashioned rules and regulations, poor implementing capacity of the commission, diminished influence of the HCSC on civil service to enhance awareness of civil servants about their rights and obligations, limited discretionary powers and hence dependence on administrative tribunal, insignificant performance of the HCSC in general

and inspection department in particular in identifying real challenges and in turn taking corrective measures, and total absence of training and development. As inferred from most respondents and informants, this has led to be named as "lion having no teeth", which is called in Amharic "*Tirse Yelelew Anbesa*".

4.5.2 The Administrative Capacity of Decentralization in HPNRS

Measures of decentralization-cum-devolution involve the transfer of legislative, executive and judicial powers and responsibilities to sub-national levels of governments. Its success, as stated in many literatures, requires very well trained and adequate manpower with an appropriate mix of qualification and motivation. As already mentioned, lack of enough skilled and motivated personnel is a national problem though it is severe in regions as to central government as well as some regions as compared to other regions.

As indicated in Table 4.4 below, the HPNRS has severe constraints in terms of human resource, which might hamper the implementation of development policies in general and decentralization in particular. Generally, out of 4733 posts in HPNRS, about 16 % are vacant. According to the department of position classification of HCSC, out of total vacant posts (773) more than 62 % are professional and semi-professional. Scarcity of human resource is particularly severe in some of the sectors. For instance, 69 % and 42 % of posts in Office of Women's Affairs and BoH respectively are vacant. Likewise, vacant posts in BoPMCSA and Roads Authority constitute 41 % and 40 %. This understaffed situation in turn makes work load over the existing civil servants high and hence, one can not properly measure the performance of each civil servant.

Table 4.4: Available Human Resources and Vacant Posts in HPNRS for 2006/07F.Y.

No.	Name Of Institution	No. of Approved Positions	Available Manpower			Vacant Posts	% of Vacant Posts
			M	F	Total		
1.	BoECB	1937	1077	724	1801	136	7.1
2.	BoFED	157	66	64	130	27	17.2
3	BoTIUD	179	96	65	161	18	10.1
4	BoJSA	64	19	31	50	14	21.9
5	BoPMCSA	307	107	74	181	126	41.0
6	BoAUD	220	123	63	186	34	15.5
7	BoH	802	318	385	703	99	12.3
8	Harar Municipality	321	139	159	298	23	7.2
9	Office of the President	107	22	45	74	33	30.8
10	Office of the HPRC	53	17	29	46	9	17.0
11	HCSC	50	22	21	43	7	14.0
12	Roads Authority	75	43	2	45	30	40.0
13	Auditor General	56	22	21	43	13	23.2
14	Office of WA	13	-	-	4	9	69.2
15	KAAs(Nine)	392	102	95	197	195	49.7
	Total	4733	2173	1778	3962	773	16.3

Sources: Adopted From HCSC, Personal Statistics, 2007; Field data 2007.

N.B. Figures for existing manpower and KAAs are adopted from HCSC, Department of Job Classification, 2007.

The data in Table 4.5 below shows that on average about 32 % of civil servants in the region are holders of diploma and above. Out of these, 28.7% are diploma holders. A majority of them (69.7%) are certificate holders and some without any training. Whereas 31 % of these are grade eight and below. Among whom teachers constitute the largest part. The effect of this poor training and qualification on efficiency and effectiveness is obvious and this in turn aggravated by poor pay structure. Out of total civil servants (4278) in 2005/06 F.Y in the region, 19.2 %, 7.3 %, 10.7 % and 10.7% of civil servants earn a salary below 300, 400, 500 and 600 Birr respectively (HCSC 2006). As to the same source, employees who earn Birr 1000 and above constitute 19.5%. From such poorly trained and poorly paid civil servant it is hard to expect an effective service.

Table 4.5: Civil Servants of HPNRS by Educational Level for 203/04-2005/06.

No.	Level of Education	2003/04		2004/05		2005/06		Average %
		No.	%	No.	%	No	%	
1	Illiterate	77	2	74	2	75	1.7	2
2	Read and write	190	5	232	5.8	232	5.4	5.4
3	Grade 1-4	113	3	118	3	121	2.8	2.9
4	Grade 5-8	441	11.5	444	11.2	481	11.2	11.3
5	Grade 9-12	915	23.5	898	22.6	999	23.3	23.1
6	Certificate	1050	27.5	965	24.3	987	23.1	25.0
7	Diploma (Voc. /Tech.)	126	3.0	166	4.2	187	4.4	3..9
8	Diploma (Coll. /Univ.)	401	10.5	87	2.2	96	2.2	5.0
9	College/Univ.Incomplete	154	4	658	16.3	719	16.8	13.4
10	B.A./B.Sc	248	6.1	242	6.1	289	6.7	6.4
11	L.L.B	23	0.5	14	0.3	-	-	0.4
12	M.D.	47	1	21	0.5	15	0.3	0.6
13	D.V.M	2	0.05	4	0.1	21	0.5	0.2
14	M.A/M.Sc	12	0.3	13	0.3	4	0.1	0.2
15	L.L.M	-	-	-		13	0.3	0.3
16	PhD	1	0.02	1	0.02	1	0.02	0.02
17	Not Stated	-	-	45	1.13	42	1.0	1.6
	Total	3,852	100	3972	100	4278	100	100

Sources: Adopted from HCSC, Personnel Statistics, 2004, 2005 & 2006.

Though decentralizing power is assumed to create an environment that helps to attract capable and motivated manpower through recruitment and selection, the performance of the region is very poor. For 2004/05 and 2005/06F.Y, the HPNRS has hired 323 and 275 employees respectively. Out of total 598 employees, 45.7 % are without any training who are grade 12 and below and also nearly half of these are grade 8 and below. It is only 35.3 % who have got diploma and above. With respect to their payment, on average 30 % of the additionally hired employees earn a monthly salary of below 300 Birr. Hence, it can be concluded that the situation is worsening rather than improving.

Moreover, the shortage of skilled and motivated manpower is exacerbated by those employees separated from the civil service as compared to replacement in general and those who left the civil service voluntarily in particular. Based on Table 4.6 below, the number of separated employees from civil service for different reasons on average was

555 whereas the number of employees hired was 706. Though 151 employees are added to the civil service besides replacing the separated ones, it is insignificant as compared to the increasing posts in the region owing to the increasing roles and responsibilities. More importantly, the number of leavers of the civil service voluntarily was more than 40% on average of the total employees separated for various reasons.

Table 4.6: Number of Leavers of civil service voluntarily for 2003/04-2005/06F.Ys.

Number / Year	Voluntary Leavers (A)	Total Separation(B)	A as % of B	Total Permanent New Hiring
2003/04	81	189	42.5	108
2004/05	74	226	32.5	325
2005/06	64	140	45.5	275
Total	219	555	45.5*	706

Sources: Adopted from HCSC, Personnel Statistics, 2004, 2005 and 2006.

* Average of voluntary leavers as of total separation for three years.

Notwithstanding the decreasing trend of voluntary leavers as indicated in Table 4.6, its percentage share from total separation increases from 42.5 (2003/04) to 45.5 (2005/06) except for 2004/05F.Y (32.5). Even though the researcher was unable to get contrite data, manpower mobility was aggravated by brain drain for reasons like further education and others. This is accompanied by unattractive remuneration scales and incentive scheme, and the shortage of facilities and logistics characterizing the public sector, that make it difficult for the region to hire and retain skilled and experienced personnel as compared to the private sector. This is despite the rise in the number of trained manpower owing to the involvement of the private sector in education. At this juncture, as pointed out by most discussants and interviewees, most administrative positions are filled by non-professionals who lack strategic thinking and necessary technical skills. This together with lack of commitment of office bearers to attract skilled manpower led the region's public institutions to recruit and select professionals, who applied to them which is mostly in non transparent and unaccountable fashion. It is worthy to mention that

surprisingly more than 15 fresh degree graduates from different universities have been knocking at the doors of different bureaus about 3 months. Informal discussion with them revealed that the reason given for lack of processing their applications was that the bureaus were restructuring themselves at that time. This is despite their ability to create certain mechanisms to manage the situation. It can be concluded from the above discussions that the region's weak capacity to recruit and select capable employees accompanied by absence of efforts and/or poor capacity to retain their existing skilled and experienced personnel forced the civil service to depend mostly on unqualified and demotivated human resources.

4.6. The Capacity Building Efforts for Decentralization in the HPNRS

Weather in making policy, delivering services or administering decentralized powers and responsibilities, capable and motivated staff are the lifeblood of an effective regional state. Efforts to build a competent and dedicated civil service usually focus on almost exclusively on pay, which is certainly important. Nevertheless, other things such as merit based recruitment and promotion, esprit de corpus, and effective mechanism to develop the quality of human resource capacity are also important. As explained in Section 4.4, the civil service of HPNRS has not been filled with adequate skilled man power which in turn implies the need to upgrade the quality and quantity of human resource at sub-national levels. Hence, this sub-section attempts to examine the capacity building efforts of the HPNRS at regional level. Moreover, an attempt is made to assess the efforts as well as effects of the region's PSCAP in institutionalizing decentralization in the HPNRS.

4.6.1. The Measures to Upgrade the Manpower Capacity in the HPNRS

Cognizant to the need to build the manpower capacity of regional institutions, the federal government embarked upon different long-and short-term training schemes in Ethiopia as well as outside. Besides this, the region has been engaged in handling long-term training and organizing short-term training programs though in a disorganized and haphazard

fashion. Table 4.7 provides the general picture of the long-term training conducted by different training institutions for the last six years.

Table 4.7: Total Number of Trainees Who Enrolled to Higher Learning Institutions for 2001/02-2006/7F.Ys.

Educational Level / Year	Ph.D	MA, M.Sc & LLM	BA ,B.Sc & LLB	Diploma	Total
2001/02	1	3	7	7	17
2002/03	-	5	9	6	20
2003/04	1	7	20	49	76
2004/05	-	17	28	46	79
2005/06	-	8	14	3	17
2006/07	1	23	15	2	41
Total	3	63	93	113	253

Sources: HPNRS 2005 for 2001/02F.Y. and 2002/03F.Y; HCSC (2004, 2005, 2006); Office of HPRC 2007, and HCSC 2007 for 2006/07F.Y.; and Field data 2007.

As can be observed from Table 4.7, the number of long-term education opportunities created has been increasing except for 2005/06 F.Y. Between 2001/02 and 2006/07F.Y. about 253 long-term training positions abroad (provided through MoE) as well as inside Ethiopia were offered. Out of these, more than 24 % was admitted to the ECSC at diploma (12), first degree (33) and post-graduate (16) levels. According to ECSC's information booklet (ECSC 2002:14), about 106 trainees (90 degree and 16 diploma) in various fields have enrolled in the college between 1994/95 and 2001/02F.Y from the region. Out of 17 trainees enrolled for post-graduate studies in 2004/05, 14 of them joined to Addis Ababa University while 3 of them, who are higher officials, joined Open University for MBA. Whereas for 2006/07, out of 23 trainees in post graduate program, more than 39 % of them were enrolled in ECSC in Urban Management field. Within these, moreover, 3 of them are higher officials by using fund from the regional government, which is encouraging.

Most discussants revealed the limited number of the opportunities especially at diploma and degree levels. According to most discussants and also the HMI (2000), this is exacerbated by the region's poor utilization of available opportunities though the researcher was unable to get contrite data on it. The major reasons, according to HMI (2000) include lack of fulfilling necessary evidences and lack of following the criteria per the rules and regulations. With respect to diploma level, out of 113 trainees between 2001/02 and 2006/07 F.Y, more than 80% were those who joined in 2003/04 and 2004/05 FY. In addition to this, more than half of them were in the fields related to health. Notwithstanding improvement in professions related to health, skills critically important particularly for effective implementation of decentralization like development management, finance, personnel administration, law, *inter alia*, are in short supply.

Though the efforts being made are encouraging, if not adequate, the manpower capacity of the region is still very weak. Moreover, such efforts are constrained by different factors like mobility of civil servants to the private sector and brain drain. With respect to the later, Abdul-Aziz (2000) confirmed that more than one third of trainees (abroad) did not return back to the region. Despite the absence of recent data, most informants disclosed the prevalence of brain drain especially trainees who went outside the country. On the other hand, the following Table 4.8 shows the general picture of short-term training offered by some central as well as regional government institutions.

Table 4.8: Total Number of Trainees Who Have Completed Short-Term Training for 2001/02-2006/07 F. Ys.

Year	Institutions					Total
	EMI	ECSC	MoFED	HMI	Others(HPNRS)	
2001/02	11	7	4	295	154	471
2002/03	3	NA	3	-	NA	6
2003/04	52	5	4	-	92	153
2004/05	NA	3	-	-	48	51
2005/06	NA	-	-	-	36	36
2006/07	NA	-	2	-	49	49
Total	66	15	13	295	379	702

Sources: HPNRS 2005 for 2001/02 and 2002/2003F.Y.; HCSC 2004, 2005, 2006, 2007; Field data 2007.

As part of capacity building efforts, the federal government through EMI in collaboration with Regional Affairs' Office of the Prime Minister (now MoFA), ECSC in collaboration with MoFED, MoFED in collaboration with GTZ at AAU rendered an extensive short-term training for regional civil servants on different areas. In the case of HPNRS, the aforementioned institutions had trained 66, 15 and 13 trainees on areas like development management, project and materials management and regional planning, human resource management; finance and budgeting with the support of UNICEF (DSA); and regional development planning respectively.

The region, on the other hand, provided short-term training through various regional bureaus. As Table 4.8 above shows, they had trained 674 trainees working in different bureaus and departments of regional government. With the exception of 2001/02 F.Y., the HMI had not been providing training nor building its capacity for fulfilling its established objectives. Rather, as identified in the field work as well as in the report of the regional executive council, the institute was established *de facto* in August 1999 without being institutionalized till 2004. As a result, the management training service established since the establishment of the region handled management of training and in turn coordinated training for about 487 trainees between 1996/1997 to 1998/1999F.Y. on woreda development management using UNDP fund channeled through Regional Affairs Office of the Prime Minister. Using the same budget source, the service provided management training for about 295 supervisors in rural and urban areas. On the other hand, the service in collaboration with BoFED and HCSC organized training (for about 4 days) for 64 financial as well as 90 administrative personnel respectively utilizing UNDP fund for 2001/02 F.Y (See Table 4.8). According to an informant (Personal communication 2007), since then the institution did not conduct any training activities except for the employees of the HPRC. It can be implied from this that the region did not used the allocated fund by UNDP let alone allocate from its own sources (HPNRS 2005; HPNRS 2000; HCSC 2000).

According to the research findings, the underlying constraints regarding training in the region can briefly be outlined as follows. First, absence of training policy for civil service of the region that states the objectives and scope of all the activities, approaches of training needs assessment, the priorities and financing arrangements, the roles and functions of different categories of training to career planning and development, and guidelines for monitoring and evaluation of training. The training role of HCSC and the training units within individual civil service institutions are also not clearly and adequately defined to provide them with clear guidance for setting their own aims and objectives (Personal communications 2007).

Second, training has been performed unsystematically on an ad hoc basis and in uncoordinated manner. One of the contributing factors for this anomaly is the absence of well-resourced departments to handle training and related issues in the regional government institutions. Surprisingly, the HCSC central institutions for training do not have training unit/department of its own. Until recently, the commission did not even assign a single expert to look after the training function though it is one of its power and duty as of proclamation No.2 of 1996. On the other hand, the HMI was staffed with one professional and two secretaries until 2004. Recently, however, out of the total approved posts (13) only 4 of them were filled.

Third, inadequacy of budget for training is another impediment. The aggregate spending on training is very negligible. Worse still, budget allocation for training is the first item to be cut when the government faces a financial crunch. Absence of training department in the HCSC accompanied by lack of allocating training budget on the one hand and transferring allocated budget by UNDP fund for HMI to other areas on the other show how training is a neglected function in the Harari civil service.

Four, though training has an important role in improving productivity and organizational functioning, the role of training can play to achieve organizational objectives is over looked in the region. The civil service in the region has not been given the priority it deserves. There has been no clear-cut direction in the area of planning, implementing and

evaluating of the programs. According to the findings of the task force on Civil Service Reform in 1994 (Cited in Atikilt 2006:37), around 80% of top level managers have no formal orientation or performance improvement training. Similarly, there exist serious training gaps in middle-level management positions. According to informants and most respondents, training programs conducted by the regional government institutions were not based on the training needs of participants. The attendant consequences of this situation are low moral and inadequate human capacity.

Five, a systematic and continuing review of current and foreseeable organizational training needs provides a realistic base up on which to plan, budget, direct and evaluate a viable training program. The research findings revealed that none of the civil service institutions has ever conducted Training Need Assessment (TNA) as a necessary means for setting training priorities. As a result, undertaking training in an ad hoc manner is bound to create confusion, duplication and even conflict. These anomalies prevailed in the region's civil service mainly due to the absence of guidelines for TNA. The guidelines are believed to standardize, as much as possible, how, why and by whom TNA should be conducted in the civil service, as well as to ensure the implementation of the region's training and human resource development policies.

Last but not least, though the evaluation of the training functions and training programs is very crucial, it is a neglected area in Harari civil service. Training programs undertaken by different institutions are not focused and their impact on individual development and organizational performance is not known due to absence of the training evaluation exercise. During discussions and interview most top officials and even some department heads in the civil service seem to be unaware of the importance of the evaluation of training effectiveness.

4.6.2. The Effects of PSCAP for Effectiveness of Decentralization

As stated elsewhere in this study, the policy of decentralization is invariably related to arrays of capacity building programs at different tiers of government. It needs the

launching, facilitating and coordinating of pertinent sectoral activities and programs effectively at the required speed. In some cases, there is a need to adopt systems tailored to local needs. At this juncture, decentralization can be effective if and only if it is implemented in conjunction with capacity building interventions, namely, human resource development, institutional transformation and changes in working systems and procedures.

Cognizant of this fact, the HPNRS has adopted PSCAP five years action plan (2004-2008 F.Y) in March 2004 (HPNRS 2004e) following the federal ones -NCBP. As the consolidated PSCAP document of the region indicate, the development objective of the program are enhancing public service delivery and improving good governance with focus on strengthening the performance of core public sectors (HPNRS 2004e:6). The core programs of PSCAP include Civil Service Reform (CSRP), District Level Decentralization (DLDP), Information and Communication Technologies (ICT), Justice System Reform (JSRP), Tax System Reform,(TSRP) and Urban Management Capacity Building Program (UMCBP).

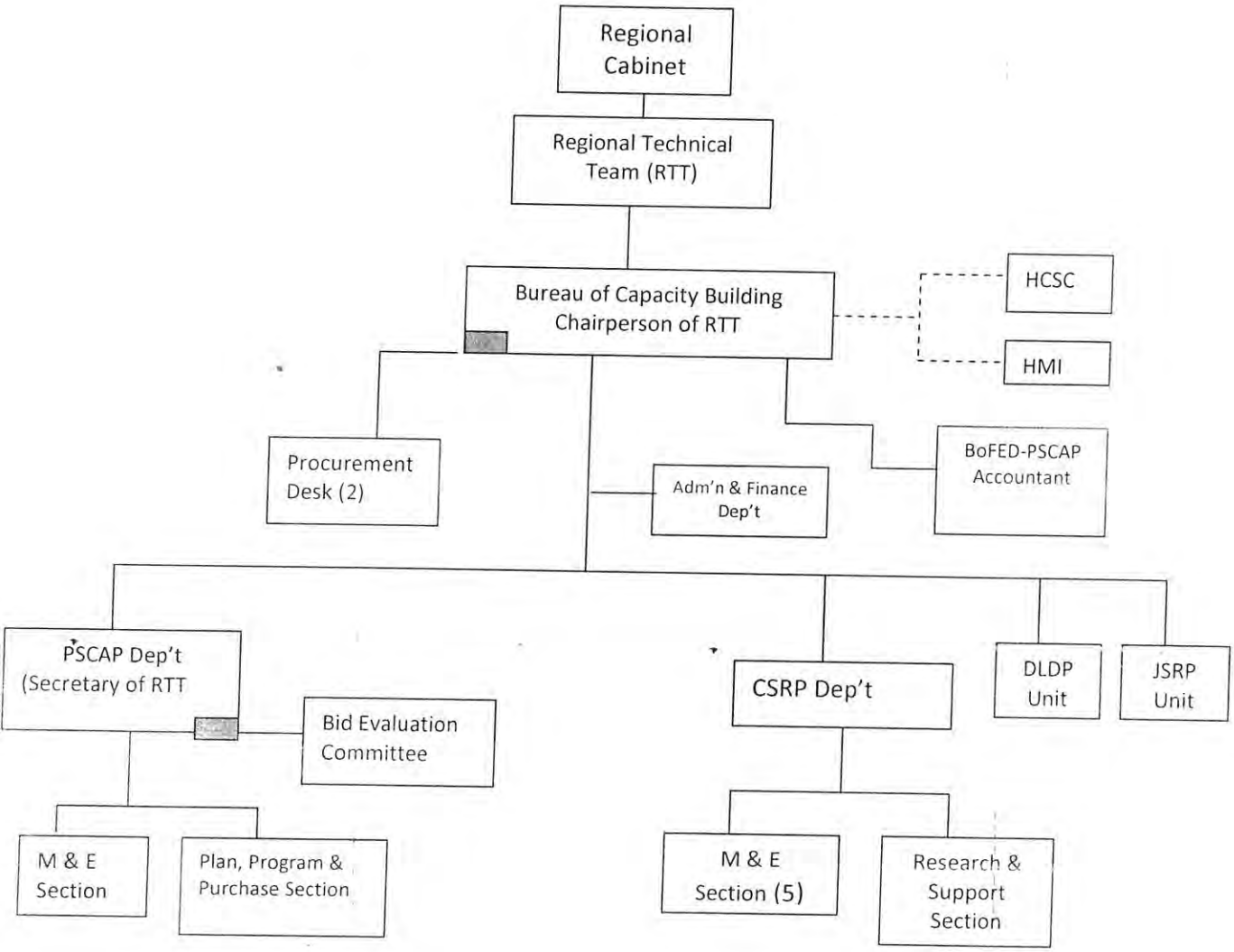
In spite of the fact that the aforementioned six sub-programs have in one way or another assumed to affect the successful implementation of decentralization, the contribution of DLDP and UMCBP, among others, are paramount. In this connection, the two sub-programs are expected to result in decentralized administrative structures in both urban and rural areas with their respective decision making powers. This in turn is believed to create an enabling environment for local self-rule.

To meet the intended objectives, the Bureau of Capacity Building (BoCB) has been given the responsibility to coordinate the region's capacity building activities. As stipulated in Article 14 of proclamation No.70, the bureau is empowered to initiate policy pertinent to capacity building; prepare and implement when approved its plan and budget; lead, implement, coordinate and control the region's capacity building programs; design strategies on management, structure and systems of skilled man power; provide strategic advice and technical assistance to capacity building efforts of regional government

institutions; coordinate HCSC and HMI; and design special capacity building programs for neglected KAAs as well as sub-kebele administrations (HPNRS 2007; HPNRS 2004b). The bureau is structured having two departments (PSCAP and CSRP), two units DLDP and JSRP) and also supported by procurement desk and bid evaluation committee. Each department on its part consists of two sections (See Figure 4.2 for more graphical detail).

Prior to proclamation No. 70 of 2007, capacity building and education were under one bureau i.e. BoECB. The bureau in turn was organized in to capacity building and education sectors. The structure of the former is the same as that of BoCB. As we can observe from Figure 4.2 below, the exception are getting institutional independence since the above stated proclamation separated capacity building from education, establishing its own supporting department instead of pooling system, and making HCSC and HMI accountable to the recently established BoCB rather than BoECB.

Figure 4.2: Organizational Structure of the Bureau of Capacity Building



Sources: HPNRS (2007); BoECB (2006); HCSC, Department of Position Classification, 2007; Field data 2007.

According to the research findings, the implementing capacity of BoCB to undertake its assigned responsibilities has been weak. Furthermore, there is similar limitation in core implementing public institutions. Although the creation of RTT (See Figure 4.2) is encouraging, it is not functional till now (BoECB 2006). This is exacerbated by lack of institutionalization of the responsibilities of core executing institutions such as BoFED, BoJSA, Harar City Municipality, HCSC and Office the President. At this juncture, it is

worthwhile to mention the absence of joint work between BoTIUD, and Harar City Municipality on urban management reform. The BoECB (2006) explicitly expressed that the BoTIUD, which is central in urban affairs is not benefiting from UMCBP since the program is handled by Harar Municipality. Besides this, there are no formal as well as regular relations between them (Personal communications 2007). The BoTIUD on its part handled urban good governance package. It can be argued from this that there is fragmentation of functions emanating from absence of viable institutional framework that facilitates smooth relations not only among sub-programs within BoCB but also among core implementing bureaus in the region. In relation to this, the following Table 4.9 shows the low performance of PSCAP for the last three years.

Table 4.9: Approved PSCAP Budget and Performance for 2004/05-2006/07F.Ys., (in Birr/Thousands).

No	Sub-programs	2004/05			2005/06			2006/07			Total		
		Budget	Used	%	Budget	Used	%	Budget	Used	%	Budget	Used	%
1	CSRP	842	-	0	902	784	86.9	489	1,117	22.8	2,233	1,901	85
2	JSRP	-	-	-	802	69	8.6	408	110	27	1,210	179	14.8
3	TSRP	34	-	0	369	65	17.5	163	42	26	532	107	20
4	ICT	841	-	0	1,128	31	3	543	-	0	2,512	31	1.2
5	UMCBP(A)	1,612	-	0	429	44	10.4	493	238	48.4	2,612	282	10.8
6	DLDP(B)	-	-	-	702	283	40.3	622	81.5	13	1,324	364	27.5
7	Program Support	443	39	0.9	156	255	16.3	303	81.6	27	902	275.6	30.5
8	Grand Total	1,612	-	0	1,131	327	28,9	1,115	712	63.8	3,858	1,039	26.9
9	A + B	4,074	39	0.9	4,488	1,531	34.1	3,022	1,670	50.3	1,0971	3,240	29.5

Sources: BoECB (2006); BoFED (2007) for 2006/07F.Y.; and Field data 2007.

Based on Table 4.9, it can be seen that on average 29.5% of PSCAP's budget are utilized even though the trend of the utilization is increasing from year to year. During focus group discussions and interviews, it was pointed out that the largest chunk of its expenditure went to purchase of durable equipments, and administrative and operational expenditures. Since the launching of the program, the CSRP and ICT sub-programs are the highest and lowest performers accounting 85.3% and 1.2% respectively. The underlying reasons for the CSRP to be high is due to high spending on purchase of

equipments, transporting purchased computers and training for teachers (BoFED 2007). As to the same source, spending on the above stated areas accounts for more than 70% of total utilized budget in 2006/07F.Y.

We can infer from the research findings that institution-building efforts of the region have not fully achieved its target of institutionalizing democratic decentralization in the HPNRS. Insufficient political, institutional and administrative capacity such as lack of commitment and support of higher leadership despite recent creation of regional steering committee headed by the president which is encouraging; shortfall in permanent, competent and motivated personnel; weak financial capacity emanating from long working procedure of World Bank together with absence of or little allocation of regional budget for the program; absence of monitoring and evaluation system that is consistent, continues and strong at federal, regional and bureau (BoCD) levels; absence of close relations among MoCB, MoFED and HPNRS; paucity of efficient organizational structure; non-existence of well-coordinated, integrated and formalized vertical as well as horizontal relations are the major cited challenges in the process of building capacity of the aforementioned public institutions (BoECB 2006). These obviously impede the effectiveness of the civil service in providing quality service to the citizens and also enabling the people to exercise self-administration at regional as well as local levels.

In light of the above discussion, it would not be possible for decentralization to take root with the existing performance of capacity building efforts in general, and PSCAP in particular which is accompanied by existing capacity gap. Hence, it is indispensable to undertake major capacity building efforts backed by strong political commitment and support of higher echelons of government by making the scheme political/development agenda of the region. In this connection, attention should be given in creating capacity (institutional, structural, human resource, financial, monitoring and evaluation) for capacity building of core public institutions in the region.

CHAPTER FIVE

The Implementation of Local Level Decentralization in the Harari Peoples' National Regional State

5.1. Introduction

As a continuation of chapter four, this chapter attempts to present and analyze the major findings of the study at local level. It is structured to cover a range of issues relating to establishing autonomous local self-administration in the region. The issues include: legal and institutional arrangements, decision-making power, financial autonomy, administrative capacity as well as capacity building measures at local level and challenges of DLDP in the HPNRS. In examining these issues attempts is made to identify major problems and challenges observed in the process of institutionalizing local level decentralization.

5.2. Democratic Local Government

As stated in section 4.3, the region has been organized in to a three-tier structure from top to the bottom: the Regional Government, the KAAs and Sub-*Kebele* Administrations. Surprisingly, the HPNRS has not established whether local government or intermediate level of government that suits the region until 2004. Moreover, the *kebele* administrations did not have the legal status until 2004. Currently, though the region has three tiers of administrative structures, the amended regional constitution indicates only the regional and the *Kebele* administrations and leaves the regional cabinet to establish other administrative levels that they find necessary (HPNRS 2004a). In relation to this, Article 32 of proclamation No.47 of 2004 further elaborate that the regional cabinet has empowered to formulate rule for establishing branch offices for sector bureaus in one and/or combining two or more *kebele* (HPNRS 2004b). To this end, the regional cabinet

established nine KAAs consisting 3 up to 7 *kebeles* under them under rule No.8 of 2004 (HPNRS 2004c).

Regional as well as KAAs officials claimed that the KAAs have the *Woreda* capacity. On the other hand, proclamation No. 47 of 2004 and proclamation No. 70 of 2007 explicitly stated the major rational for their creation. As a result, it is created to serve as administrative units of regional bureaus. It is an administrative unit between the regional government and *kebele* administrations comprising a defined number of kebeles under it.

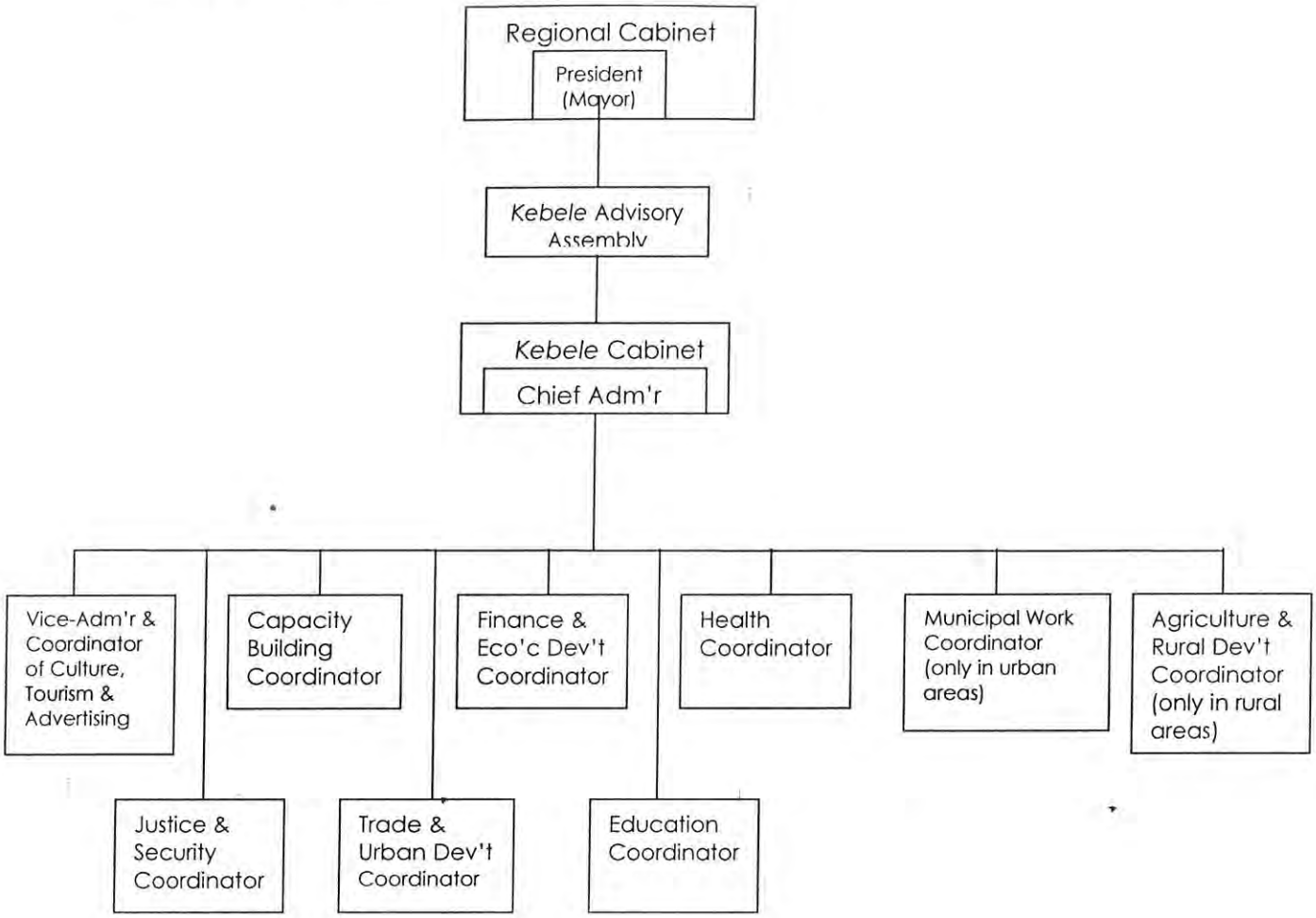
The KAAs is the second and lowest administrative tiers which embraces a defined number of *kebeles*. It is composed of advisory assembly and *kebele* cabinet. The former comprises the representatives of the people in the *kebele* ranging from 160 to 200 while the later consists of the chief administrator, vice chief administrator and coordinators of bureaus that are appointed by the regional cabinet (BpAPR 2004) (See Figure 4.2 for graphical detail). According to administrators and coordinators of the KAAs, currently the cabinet has seven members though the numbers have changed more than three times within three years.

The major responsibility of KAAs includes ensuring the proper implementation of laws and decisions of the region especially set up only for administrative convenience. In this connection, Article 28 /2 of proclamation No. 70 of 2007 clearly stated that the KAAs are mainly responsible for powers and responsibilities transferred from regional bureaus and offices (See Appendix 4 for detail).

Observing the legal base of regional structure, it can be argued that there are no *woreda* administrations in the region though they are the most important unit of sub-national government being the lowest levels of government. This is contrary to the provision of the Federal constitution Article 50/4, and hence devolution of power to local governments was curtailed for the last twelve years.

The sub-*kebele* administrations, which rule No. 8 of 2004 renamed the former *kebele* administrations, are the lowest basic administrative units in the region (HPNRS 2004b). They are made up of an Assembly, an Executive Committee, and a Social Court (HPNRS 2004d). As stipulated in Article 10 of proclamation No. 44 of 2004, a sub-*kebele* is responsible to implement rules, regulations and orders of higher levels of administration, maintain peace and security of the sub-*kebele,* properly administer houses owned by the sub-*kebele,* deliver social services, ensure justice and control illegal construction based on orders of the regional government in cooperation with governmental and non-governmental organizations (See Appendix 4 for detail). As confirmed by administrators of sub-*kebele*, the separation of power at this level is clearly described than KAAs at least *de jure*. Nevertheless, the sub-*kebele* does not have the administrative and financial capacity to perform the aforementioned powers and responsibilities.

Figure 5.1: Organizational Structure of KAAs



Sources: HPNRS 2004c; Ahmed 2005; Field data 2007.

5.3. Regional-Local Relations

A regional-local relationship in the region is not only featured by subordinate relationship but also by lack of full autonomy. This is manifested by the absence of separating legislative, executive and judicial organs of the KAAs. The members of the KAAs cabinet are appointed by regional cabinet. Article 16 of rule No. 8 of 2004 described that the chief administrator is appointed and also accountable to regional cabinet as well as to the regional president. On the other hand, as stipulated in Article 11 of the rule the KAAs are accountable to the *Kebele* Advisory Assembly and also to the regional cabinet. Regarding the former, till now the assembly is not functional besides an absence of

decision-making power. The remaining cabinet members, who are called coordinators including the vice administrator are accountable to the chief administrator as well as to their respective regional bureaus. Besides this, their duties and responsibilities and their relationships are not legally sanctioned until now. This is exacerbated by the absence of clearly defined functions and roles of KAAs and their relationships to the sectoral bureaus including the Harar City Municipality and also *Kebeles*. As confirmed by most respondents and informants, there have been conflict between the KAAs and the Sub-*Kebele* Administrations since the former do not have constitutional recognition and created by rule while the later have constitutional recognition and established by proclamation enacted by the HPRC. Here, as to them, there is violation of hierarchy of law accompanied by confusion of roles and functions. Furthermore, the sub-*kebeles* have become dysfunctional since they are under-staffed and under-financed.

Based on the above dissuasion, it can be concluded that the lines of authority and accountability among regional government, KAAs and sub-*kebebles* are not clearly defined and hence their relationships are largely governed by political considerations. Therefore, the governance structure of the region is featured by top-down modes of control and supervision. The KAAs as well as sub-*kebeles* function as part of the administrative structure of the region and have lost their distinct character as basic units of grass roots governance. As confirmed by most respondents and discussants, absence of constitutional provision that recognizes KAAs as legitimate and useful instruments of governance and development, and absence of the requisite commitment on the part of the regional government to devolve decision-making powers and responsibilitiy are crucial contributory factors.

5.4. Fiscal Decentralization

The fiscal dimension of the *woreda* decentralization program is believed to create an enabling environment for local governments to administrator transferred budget without interference of higher tier. The application of *woreda* block grant in HPNRS is an arbitrary and entirely unfair. The allocation system is not based on block grant formula

like other regions which as a first trial adopted federal system and then adjusted. The following Table 5.1 presents annual budgets of KAAs for the last two years.

As can be observed from Table 5.1, all KAAs receive 1.5 million Birr out of which 0.5 and 1 million Birr is allotted for recurrent and capital expenditures respectively. This, as administrators and civil servants point out, is irrespective of their disparities in development, population size, revenue raising capacity and expenditure need.

Table 5.1: Annual Budgets of the KAAs for 2005/06-2006/07F.Ys., (in Birr/Millions).

No.	Name of KAAs	2005/06			2006/07		
		Recurrent	Capital	Total	Recurrent	Capital	Total
1	Amir Nur	0.5	1	1.5	0.5	1	1.5
2	Abadir	0.5	1	1.5	0.5	1	1.5
3	Aw-Boker	0.5	1	1.5	0.5	1	1.5
4	Shenkor	0.5	1	1.5	0.5	1	1.5
5	Jinela	0.5	1	1.5	0.5	1	1.5
6	Hakim	0.5	1	1.5	0.5	1	1.5
7	Dire-Teyara	0.5	1	1.5	0.5	1	1.5
8	Arer	0.5	1	1.5	0.4	1	1.4
9	Sofi	0.5	1	1.5	0.5	1	1.5
Total		4.5	9	13.5	4.4	9	13.4

Sources: HPNRS (2006); HPNRS (2005); Ahmed (2005); Field data 2007.

During discussions and interviews, it was unanimously stated that all of their budgets were made up of grants allocated by the region. This in turn indicates the heavy financial dependence of KAAs on regional government. In discussions with some employees of KAAs, it was revealed that they are often called by BoFED to undertake their assigned functions. This was justified by BoFED that KAAs do not have capacity to perform legally assigned powers (Personal communication 2007). Hence, it is very difficult to discuss the gap between budget demand and supply with the absence of actual transfer of functions and responsibilities which is accompanied by legal, institutional and manpower limitations of KAAs.

It can be observed from Table 5.1 that 33.3% of KAAs budgets are earmarked for administrative and operational expenditures. On the other hand, most respondents and discussants explicitly confirmed that KAAs do not know what to do on the transferred capital budget. As a result, most of them are spent on building offices as well as buying office equipments since they are new creation to the regional structure. As the research findings indicate there is not only mismatch between assigned functions and resources to perform it but also the regional sector bureaus are reluctant to transfer part of their responsibilities, which implies the absence of harmonization between decentralization policy with sector policies. Here, it is worthy to mention that out of the total budget assigned for regional sector bureaus for 2006/07, about 20.4 million Birr was allocated for activities undertaken in KAAs (HPNRS 2006). Specifically, these tasks are handled by regional bureaus such as Health, Education and Capacity Building, Agriculture and Rural Development and also Police Commission. Moreover, as most respondents and discussants explained, the share of transferred budget for KAAs is small as compared to the regional ones. For instance, out of total regional budget for 2005/06 (120.2 million Birr) and 2006/07 (140.8 million Birr), the KAAs receive about 11.2% and 9.6% respectively. Hence, it can be concluded that the recurring key challenge affecting KAAs was prevalence of financial shortfalls accompanied by ambiguous and inadequate assignment of functions and responsibilities.

5.5. Personnel Deployment and Training

In order to capacitate the KAAs with skilled and experienced manpower, the regional government deployed personnel from regional bureaus. Nevertheless, the deployment scheme that could serve in KAAs and improve efforts towards the realization of stated objectives has not been materialized due to various reasons.

First and foremost, even though special taskforces were established to make the deployment program efficient and effective, it was handled without any directives. According to informants, the regional president at that time has announced to deploy about 40 % of the regional manpower to the KAAs. In reality, only about 5 % of the regional personnel has been transferred (See Table 4.4).

Regarding the manpower need of the KAAs, the regional government approved about 392 posts for them. Among these, the administrator, the vice-administrator and coordinators of major sectoral bureaus are appointed by the president office while hiring and transfer of other employees is performed by the HCSC at regional level. In relation to this, the KAAs have not decision-making power pertinent to human resource management. Recently, however, the HCSC has delegated the power to hire employees with monthly salary of less than 500 birr. In practice, they are not exercising this power rather the commission has been hiring for them with the pretext of capacity limitation (Personal communication 2007).

As stated above, even though the KAAs need about 392 personnel, it is only about half that is filled while the remaining half is vacant (See Table 4.3). At regional level, according to the department of position classification of the HCSC, out of the total vacant posts (773) in the region, those posts in the KAAs account more than 18 %. Moreover, out of the total vacant posts in the KAAs (195), more than 74 % are professional and semi-professional. According to the same sources, most of them are in rural areas than urban areas since they are remote and there are no incentives. Particularly, in the three sampled KAAs, out of 33 appointees, only 13 (39 %) are holders of diploma and above while the remaining are grade 12 and below. In this connection, as the research finding indicate, limitation on both appointees and civil servants could not shoulder the challenges of decentralization and the complex situation it brings at both regional and local levels

As local level decentralization program is *learning-by-doing*, launching well-designed program and systematic training is essential to upgrade implementing capacity of local institutions. Administrators and coordinators of KAAs repeatedly pointed out that there was no single training conducted for KAAs based on need assessment. Rather it was given in a peace meal and haphazard way and hence was mainly supply driven. Between 2004/05F.Y. and 2005/06 F.Y, more than 18 trainings (for about 1-10 days) were organized by regional bureaus such as BoECB, BoFED, BoTTUD, Health Bureau and others (Ahmed 2005:21-22). Though their efforts are encouraging, administrators and

civil servants complained that most training are not well-designed in such away that they can improve their awareness about the concepts and benefits of decentralization, legal and institutional framework, inter-governmental relations, among others, in a clear, coordinated and consistent fashion. The respondents also revealed that sometimes more than two or more regional bureaus organized training at the same time. This clearly shows the absence of mechanism to coordinate and integrate training. As a result, as they further strongly argued, for these trainings to have a significant impact on their performance, they need first to have legal and practical commitment to decentralize powers, clearly assign functions and responsibilities for them, adopt procedures and working systems that fit with realities peculiar to the different localities, and develop appropriate organizational structure that clearly define the role of institutional actors among others.

5.6. Status and Challenges of DLDP in the HPNRS

As part of the national capacity building program, DLDP exists at the regional level. In the HPNRS, DLDP has been designed uniformly without considering the differences pertinent to the region. It has adopted the blue print of the federal government and other regions specifically Oromia. In this connection, appropriate legal and institutional arrangements are indispensable for local level decentralization to be successful.

In the HPNRS, there is no detailed legal base indicating the mandates, roles and authorities of local governments, relationship between regional and local governments, and relationship among local governments except the amended constitution of the region, proclamation No. 47 of 2004 and rule No. 8 of 2004. Nevertheless, recently BoCB has adopted about 12 guidelines prepared by the federal DLDP office as blue print and that of SNNPR and Oromia regions though it is not approved until now (Personal communication 2007).

With respect to the institutional arrangements for DLDP in the region, there is no clearly defined institution that is assigned to plan, coordinate and monitor the implementation of DLDP. Even though the BoCB is empowered to coordinate the region's capacity building programs which DLDP is part of it, it exists as DLDP unit with one focal person (See

figure 5.1). Even the focal person has not been assigned as full time employee until recently (Personal communication 2007). Moreover, there is no focal person in each bureau. Though the sub-regional institutions were to be centers for DLDP, there was nothing directly focusing on it in the sampled KAAs as well as sub-*kebele* administrations. Here, therefore, there is neither focal person for DLDP nor for PSCAP.

As part of PSCAP, the DLDP plan of the region is nominal, but implementation is lagging. Here, it is worth mentioning the financial performance of DLDP together with UMCBP for the last three years. As informants and discussants explicitly confirmed, the contribution of DLDP as well as UMCBP for decentralization in the region is insignificant and need to be improved. As depicted from Table 4.9, the aforementioned sub-programs used small portion of their budget which on average accounts about 10.8 % and 27.5 % respectively owing to various reasons. Out of the total budget allocated for these programs (3.9 million Birr-35.2 %) only 2 % is utilized.

Lastly, the research finding reveals that the level of awareness and perception of DLDP is almost absent in both sampled regional institutions as well as KAAs. Hence, civil service reform, personnel deployment and *woreda* block grant are associated with decentralization and good governance than DLDP.

CHAPTER SIX

Conclusions and Recommendations

6.1. Conclusions

The decentralization process of every government is not identical so long as the issues instituted to tackle are different. Based on ethno-linguistic criteria, the current Ethiopian government devolved substantial powers and functions to the lower units of government. The success and failure of decentralization in building sub-national governments is highly dependent on the constraints encountered while implementing it. In spite of the limited experience of decentralization in the HPNRS, it is possible to point out the following issues.

It can not be denied that the recognition of ethnic and national difference and empowerment of different ethnic groups are of the major achievements, in the currently taken decentralization measure's, in Ethiopia helping mitigate age old-tensions. In this connection, the inhabitants of the region in general and the Harari ethnic group in particular have been recognized and also empowered to administer the region by them is the major achievement. This is manifested by the establishment of the HPNRS having the three branches of government: the legislative, the executive and the judiciary. With this respect, the federal as well as the regional constitutions attempt to protect the nationality rights of the Harari and also to accommodate the rights of other ethnic groups who are majority. Consequently, bicameral system of legislation that includes the HNA and the HPRA was adopted. The two assemblies together constitute the HPRC. Out of total thirty six seats, fourteen seats are reserved for the Harari while the rest of the seats are open for competition for both Harari and non-Harari ethnic groups. Moreover, significant steps were taken in terms of preserving and promoting identity, culture, language and history of the Harari people at least *de jure*. To this effect, the HNA has legislative powers with respect to the language, culture and historical heritages of the Harari people.

However, the implementation of decentralization in exercising the autonomy has encountered a number of challenges and constraints. Accordingly, it is essential to raise the following points.

The process of decentralization in the HPNRS to some extent created conflicts over issues of representation since the Harari are minority far outnumbered by the Oromo and Amhara ethnic groups. In addition, the dominant role played by the central government which is manifested in the aggressive intrusion in the matters pertaining to local jurisdiction on the one hand, and the weakness of the ruling parties-HNL and OPDO and the absence of strong pressure groups and civic organization on the other hand significantly impinged the exercise of autonomy in the HPNRS.

Even though the legislature is elected and is allegedly accountable to the people, its accountability to the higher echelons of power is stronger and much more visible. Moreover, the HPRC as well as the regional cabinet is often failing to act on problems invariably due to recalcitrance or unresponsive to the needs of its localities for the last decade. The decision-making is rarely transparent and predictable. This situation is exacerbated by the absence of formal and transparent mechanisms of interaction between the ruling parties that led to conflict in most of the cases.

The decentralization drive does not appear beyond the level of the HPNRS until now. Even though the KAAs have been established in 2004, they lack decision-making power besides lack of constitutional recognition as compared to *Kebeles*. This ultimately hindered the objective of promoting a proactive popular participation at the grass root level. Equally important, the city of Harar has not been considered as an independent self-administration though the city has been pioneer in municipal administration in the country. Here, despite the explicit recognition of the city to have autonomous self-administration in the amended regional constitution, the city proclamation No. 58 of 2006 contradicts this by making the legislative, the executive and the judiciary organs of the region to act as the same time as the legislative, the legislative, the executive and the judiciary organs of the city.

Inadequacy of financial resources is another challenge. This is due to the preponderant control of revenue and tax bases by the regional government that led to massive dependence on the federal government to undertake economic and social development activities. This aggravated by the inability of the region to effectively allocate and expand revenue base were noted in evaluating decentralization. The process of revenue collection was affected by rampancy of corruption, expansion of illegal trade and contraband activities in the region and also the absence of legally established agreement with regard to revenue collection with Oromia Regional State.

Human resource management in the regional government has been given less attention on the part of both higher officials and the HCSC. In this respect, the performance of the HCSC is insignificant and hence needs to be improved. The skilled manpower capacity of the region is deplorable since it is only about 32 % of civil servants in the region are holders of diploma and above.

Training has been handled in a fragment way without conducting the TNA as well as training evaluation. Absence of training department/unit in the HCSC, lack of focus for training units within individual civil service institutions in the region, inability of the HMI to perform its established objectives are also contributory factors.

The absence/weakness of pertinent institutions that could facilitate the implementation of policies related to decentralization and institution-building in accordance with what is sought to be achieved. It is thus worth mentioning that inadequacy in terms of institutional capacity did not able to exercise administrative autonomy. Even though the BoCB has been given the responsibility to coordinate the capacity building efforts of the region, its implementing capacity has been weak. This situation is exacerbated by lack of political commitment and support of higher echelons of government; absence of continues and consistent monitoring and evaluation system; and lack of creating institutional, structural, manpower and financial capacity of the bureau. The role of the president office in coordinating the KAAs has been unsatisfactory. This is exacerbated by

poor efforts and performance in terms of building the capacity of core public institutions in the region.

The KAAs do not have constitutional recognition as compared to *Kebele* administration. Even though the regional officials claim that the KAAs have the capacity of *Woreda,* they do no have decision-making power. There is little effort to separate the three branches of government independent of each other. Hence, it is hardly possible to consider the KAAs as full-fledged tier of local government with own elected councils, executive administrations and separate budgets.

The line of authority and accountability among the regional government, the KAAs and the sub-*kebeles* are not clearly defined and hence their relationships are largely governed by political considerations. As a result, the governance structure of the region is featured by top-down modes of control and supervision.

The block grant decision for KAAs is made not on the basis of a set of criteria and hence it is entirely unfair. Besides this, the regional government in general and the BoFED in particular are reluctant to transfer the responsibility of collecting level C taxes on the pretext of capacity limitation.

Severe shortage of competent and trained personal is another key challenge in the KAAs. In 2006/07, about half of the human resource needs of the KAAS are met. Out of the total vacant posts in the KAAs, more than 75% is professional and semi-profession. The shortage is even more serious in the rural areas as compared to the urban areas. Though intensive training is believed and expected to enhance implementing capacity of KAAs, it was given in piecemeal and haphazard way without need assessment. Most of the trainings were designed to introduce the interest and policy direction of respective regional bureaus or offices instead of encouraging self-help capacity building schemes in a coordinated and integrated manner.

As part of PSCAP, the DLDP is not a comprehensively developed decentralization program in the region. In this connection, it is designed without considering the realities in the region. It is confused with rural *Woreda* capacity building than devolution of power to local governments and empowering communities. Moreover, it has no clear implementation strategy, and is not properly institutionalized.

Hence, the finding of this study shows that there is mismatch between legal and policy pronouncements on decentralization and its actual practice on the ground. Particularly, decentralization at local level, there has not been devolution of authority and functions from regional government to KAAs as well as the city of Harar. This is because both of them do not have sufficient decision-making power to serve as autonomous institutions of decentralized governance.

6.2. Recommendations

To alleviate the above constraints and challenges, the following are recommended.

1. It looks essential that the federal as well as the regional government should evaluate the strength and weakness of the existing system of representation by participating the localities. There must be formal mechanisms of relations between the federal and regional government as well as the HNL and OPDO. Moreover, the regional government is expected much to publicize/create awareness among the local people. Particularly to improve political culture which helps harmonizes relationships among ethnic groups in the region to attain mutual respect with each other to avoid gradually narrow thinking, and develop mutual interests that facilitate the overall development of the Harari region. By doing so, the region can ensure the prevalence of peace in the region as well as promote tolerance among ethnic groups.

2. It looks essential to adopt further decentralization within the state including the city to accommodate more local variations and nurture local discussion, participation and action. In other words, the regional government should be committed to

decentralizing powers, authorities, functions and resources to the local levels. Hence, there is a need to recognize the KAAs as well as the city of Harar formally having independent legal existence. Apart from clear policy of decentralization, detail legislations, regulations, directions and procedures should be developed for effective implementation of decentralization. In doing so, *inter alia*, representation of the localities should be considered.

3. With respect to inter-governmental fiscal relation, the revenue of the region and KAAs should satisfy their expenditure needs. The region should develop appropriate regional fiscal policy, create the awareness for potential taxpayers, revise tariff rate with the participation of all stakeholders, expand the source of revenue, and continuously evaluate performance of the tax assessment technique and revenue collection procedure with full enforcement of tax law. In addition, the region needs a clearly defined code of conduct, and promote and reward committed/hard workers and take continuous measure on corrupted officials and civil servants.

4. At the local level, the assignment of functions and responsibilities should match with the budget allocation. In relation to this, the total financial dependency of the KAAs needs to be minimized.

5. To improve the manpower capacity, the federal government should support in all aspect of developing manpower capacity in the HPNRS. The regional government, on the other hand, should create conducive environment to attract and retain skilled and experienced manpower, and improve the skills of the existing staff with on-job and/or off-job training based on need assessment and continuous evaluation. Particularly, the HCSC as well as the HMI and training units within individual civil service institutions need to be strengthened.

6. At local level, training should be an intensive one to bring about significant impact in terms of building competence among trainees as well as self-confidence among KAAs for self development.

7. Capacity building efforts should be political as well as development agenda on the part of political leadership for decentralization scheme to be effective in building regional and local institutions in the region.

8. PSCAP in general and DLDP in particular needs to be institutionalized. In this respect, capacitating the BoCB and creating a vibrant coordination and facilitation mechanisms among the regional cabinet, the BoCB and core implementing public institutions become very crucial. Moreover, there is a need to develop a well-thought out plan of action, a gradual learning-by-doing process, and monitoring and evaluation system.

ENDNOTES

1 EPRDF is a coalition of four organizations comprising the Tigray Peoples' Liberation Front (TPLF); the Amhara National Democratic Movement (ANDM), formerly the Ethiopian Peoples' Democratic Movement (EPDM); the Oromo Peoples' Democratic Organization (OPDO); the Southern Ethiopia's People's Democratic Front (SEPDF). In addition, the Ethiopian Democratic Officers' Revolutionary Movement (EDORM) which was member of the front in 1991 disbanded.

2 These are Tigray Afar, Amhara, Oromia, Somalia, Benishangul/Gumuz, Southern Nations, Nationalities and Peoples (SNNP), Gambela and Harari. Addis Ababa and Dire Dawa are allowed the status of special administrations. Five among fourteen regional governments were merged to form a single state that came to be referred to as the SNNP.

3 Public choice theory contends that under conditions of reasonably free choice the provision of some public goods is more economically efficient when a large number of local institutions are involved than a single central government.

4 Moreover, these arguments were also offered by most respondents and informants.

5 The information is obtained from press briefing given by Fuad Ibrahim, former president of the HPNRS; Abdul-Aziz Mohammed, member of OPDO central committee; and Murad Abdul-Hadi, chairperson of HNL for Harar FM radio, July 2003. Furthermore, most of the respondents also confirmed this argument during the interview.

6 The information is obtained from exporters when they had discussion with Prime Minister Meles, November 2007, Ethiopian Radio.

7 The Prime Minister confirmed this argument during his discussion with exporters, November 2007, Ethiopian Radio.

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Appendixes

Appendix 1: Survey Questionnaire

The objective of the questionnaire is to collect useful information from both regional as well as local government officials and experts regarding the overall effects of regional and local level decentralization in promoting self-rule by empowering the citizen, restructuring the regional government, building financial and human resource capacity of institutions both at regional and local levels. The study aims at identifying achievements and challenges in institutionalizing decentralization and tries to indicate ways of improving it. The data gathered will be used to write an M.A thesis in RLDS at Addis Ababa University.

Instruction: The questionnaire has three parts. The first part is intended to gather personal data while the rest part comprises details of the questionnaire. Please try to answer all questions by putting an x mark on your choice. For some questions fill the blanks, when you are requested. Your good will, cooperation and genuineness in responding to questionnaire are highly appreciated. You don't need to write your name.

Part I. Personal Data of the Respondent

1. What is the name of your organization? _____

2. Which sex category do you belong?
   - Male ☐
   - Female ☐

3 What is your current age?
   - 18-33 ☐
   - 34-49 ☐
   - 50-65 ☐

4. How would you describe your current marital status?
   - Married ☐
   - Single ☐
   - Divorced ☐
   - Widowed ☐

5. Which ethnic group do you belong?
   - Harari ☐
   - Oromo ☐
   - Amhara ☐

Other, please specify _____

6. What is your educational qualification?

- B.A/B.Sc Degree ☐
- Diploma ☐
- Grade 12 ☐

Other, please specify_____

7. What is your gross monthly salary? _____Birr

8. For how long you served in the civil service?

- 5 and below ☐
- 6-10 ☐
- 11-20 ☐
- Above 20 ☐

9. What is your religion?

- Islam ☐
- Christianity ☐

Other, please specify _____

Part II. Questions related to implementation of decentralization policy in the HPNRS

1. Does, in your opinion, the current regional government arrangement promote empowerment of the citizen?

- Yes ☐
- No ☐

If you say "No", why? _____

_____

_____

_____

_____

2. Was/is there any resistance against the current arrangement?

- Yes ☐
- No ☐

Other, please specify _____

3. If you say "yes", which group(s) was/is the major opponent?

Harari ☐

Oromia ☐

Amhara ☐

Other, please specify _____

4. What, in your opinion, are the major reasons for their opposition?

_____

_____

_____

_____

_____

5. How do you generally evaluate the existing arrangement of decentralization process?

Very positive ☐

Positive ☐

Neutral ☐

Negative ☐

Very negative ☐

Please, give reasons for your answer, _____ _____

_____

_____

_____

Part III: Questions related to institutionalization of decentralization policy.

1. Do the devolved political powers institutionalized in the HPNRS? Yes ☐

No ☐

Partially ☐

Other, please specify _____

2. If you say "No"/partially/other, what do you think are for lack of institutionalization?

_____

_____

_____

_____

_____

3. Do the regional government has empowered with institutional and administrative capacity that corresponds their responsibilities? Yes ☐

No ☐

If you say "No" why? _____

_____

_____

_____

4. Do the "kebele area" administrations have empowered with institutional and administrative capacity that corresponds their responsibilities? Yes ☐

No ☐

If you say "No" why? _____

_____

_____

_____

_____

_____

5. Does the municipality has empowered with discretion and decision making powers? (Please elaborate with the current power devolution given to local government).

_____

_____

_____

6. Is there a clear hierarchal power relationship among regional, 'kebele area' and 'sub-kebele' administrative structures? (Please explain your answer)

7. What are the challenges encountered while generating own (HPNRS) revenue?

8. Do the restructuring and the personnel deployment measures that follow regional level decentralization helpful as intended? (Please explain your answer)

9. Do the restructuring and the personnel deployment measures that follow local level decentralization helpful as intended? (Please explain your answer)

_____

_____

_____

_____

_____

_____

_____

_____

10. How do you see the management of existing civil servants in the region (By the civil service commission)?

It is excellent ☐

It is good ☐

It is bad ☐

Please give reasons for your answer_____

_____

_____

_____

_____

_____

11. How do you generally evaluate the overall management of training activities in the HPNRS?

It is excellent ☐

It is good ☐

It is bad ☐

Please give reasons for your answer_____

_____

_____

_____

12. What, in your opinion, are the main achievements in institutionalizing regional level decentralization? (In terms of political power, structure, finance and human resources)

13. What in your opinion are the main problems in institutionalizing regional level decentralization? (In terms of political power, structure, finance and human resources)

14. What, in your opinion, are the main achievements in institutionalizing local level decentralization? (In terms of political power, structure, finance and human resources)

15. What, in your opinion, are the main problems in institutionalizing local level decentralization? (In terms of political power, structure, finance and human resources)

16. If you have any suggestions (comments), recommendations or any other you like to give me, please you can use the space provided or attach additional paper to the questionnaire.

Thank You

Appendix 2: Interview guide for in-depth interview of key informants

A. Political Decentralization

1. When the Harari region was established?
2. Why it was not established during the transitional period?
3. How different ethnic groups are represented in the current structure of the HPNRS?
4. Do most of the groups accept the current regional and local arrangement? If not, why?
5. What are the major challenges in implementing the devolved political powers?
6. What corrective measures should be taken to resolve the problems?

B. Administrative Decentralization

1. What are the levels of administration in the HPNRS?
2. What are the powers, responsibilities and accountability of lower levels?
3. Why, until recently, the *woreda* (kebele area) administration was not established?
4. Due to the absence of intermediate levels, what do you think are the impacts on achieving stated objectives in terms of promoting self-rule?
5. What is the status, challenges and prospects of KAAs & kebele administration/Peasant Associations?

C. Fiscal Decentralization

1. What are the sources and share of the region's own revenue?
2. What are other sources of the region's revenue?
3. Does the regional government as well as the "kebele area" administration have financial autonomy?
4. What are the problems encountered in implementing financial power? What do you recommend to tackle the problems?

D. Decentralized Human Resource Management

1. Does the regional Civil Service Commission have enough power in the management of the civil servants?
2. How do evaluate the commission's level of effectiveness in managing the civil servants of the region?
3. Does the HPNRS have enough skilled manpower to perform the devolved powers both at regional and local levels?
4. What are major achievements and challenges that limit the success of decentralized human resource management and in turn decentralization policy in the region? What do you suggest to resolve the challenges?

E. Institution-building Efforts

1. What institutional and administrative capacity building measures have been taken by both the federal and regional governments?
2. How do you evaluate the levels of the regions efforts in building regional and local institutions?
3. How training is managed in the HPNRS?
4. How do evaluate the region's level of effectiveness in managing the short- and long-term training civil servants?
5. What is the status, achievements, challenges and prospects capacity building efforts in general and PSCAP in particular in the HPNRS?

Appendix 3: List of Informants for Focus Group Discussion and Interview

No.	Name	Position
1.	Mr. Abdumalik Beker	Speaker, the HPRC
2.	Ms. Shukria Ahmed	Vice-speaker, the HNA
3.	Mr.. Abdusemed Idris	Social advisor, the HPRC
4.	„ Hashim Abdosh	Head, Legal Research Department in the HPRC
5.	„ Abdulaziz Adem	Head, Diaspora Affairs' Office in the Office of the President; former head of the HCSC
6.	„ Zeki Usmael	Former legal advisor of the President
7.	„ Muhyedin Ahmed	Vice-head, BoFED
8.	„ Atham Mohammed	Head, Revenue Department, BoFED
9.	„ Mohammed Shash	Head, Planning and Program Department, BoFED
10.	„ Abdurahman Abdulahi	Vice-head, BoCB; former head of the HMI
11.	„ Seadi Abdi	Head, Tarrif and Revenue Department, Harar City Municipality
12.	„ Sultan Ahmed	Focal person for DLDP, BoCB
13.	„ Daniel Solomon	Expert and focal person for Urban Good Governance, BoTIUD
14.	„ Nasir Mohammed	Head, department of recruitment and selection, HCSC
15.	„ Mekonin Reta	Expert, department of recruitment and selection, HCSC
16.	„ Yusuf Haji	Administrator, Abadir Kebele Area Administration
17.	„ Elias Mohammed	Expert, Abadir Kebele Area Administration
18.	„ Esayas Kebede	Administrator, Aw-Boker Kebele Area Administration
19.	„ Mohammed Abdurahman	Expert, Dire Teyara Kebele Area Administration
20.	„ Meftuh Reshid	Chairperson, Kebele 04
21.	„ Afendi Yusuf	Chairperson Kebele 02

Appendix 4: Summarized authority and responsibility of each government tiers in the HPNRS

Authority and responsibility of regional government:

-To set out and implement development policy, strategies and plan in the region

- To formulate and implement regional constitution and other laws

-To administer land and natural resources in the region according to the federal law

-To organize the regional government

-To formulate and execute laws on human resource management and working environment of the region.

-To organize and direct the regional police force and thereby protect peace and security of the region

-To levy and collect taxes under the authority given by the federal and regional constitution

-To declared implement state emergency decree in the region.

Source: **Harar Negari Gazeta, proclamation No 48/2004.**

Powers and duties of KAAs:

-To ensure the implementation of laws, polices, rules and regulation of federal and regional government.

-To control illegal construction and activities.

-To prepare and implement the areas' plans programs and projects.

-To coordinate municipality and other services delivery.

-To create enabling environment for organizing civil society, community based organizations and give them capacity building support.

-Encourage establishment of micro and small scale industries and control their activities.

-To follow up kinder garden and primary level schools.

-To implement the allocated budget and submit follow up report to the regional government.

-To levy and collect on level c tax payers as well as municipal service payments.

-To collect and transfer the data on the socio economic activities the area.

-To preserve and take care the heritages in the area in accordance with related laws.

Source: Harar Negarit Gazeta, rule no 8/2004.

Sub-kebele administrations authorities and duties:

-To implement laws, policies, rules and regulations issued by the higher hierarchies.

-To facilitate effective service delivery for the locality.

-To initiate and lead the participation of community in locality development.

-To administer public houses.

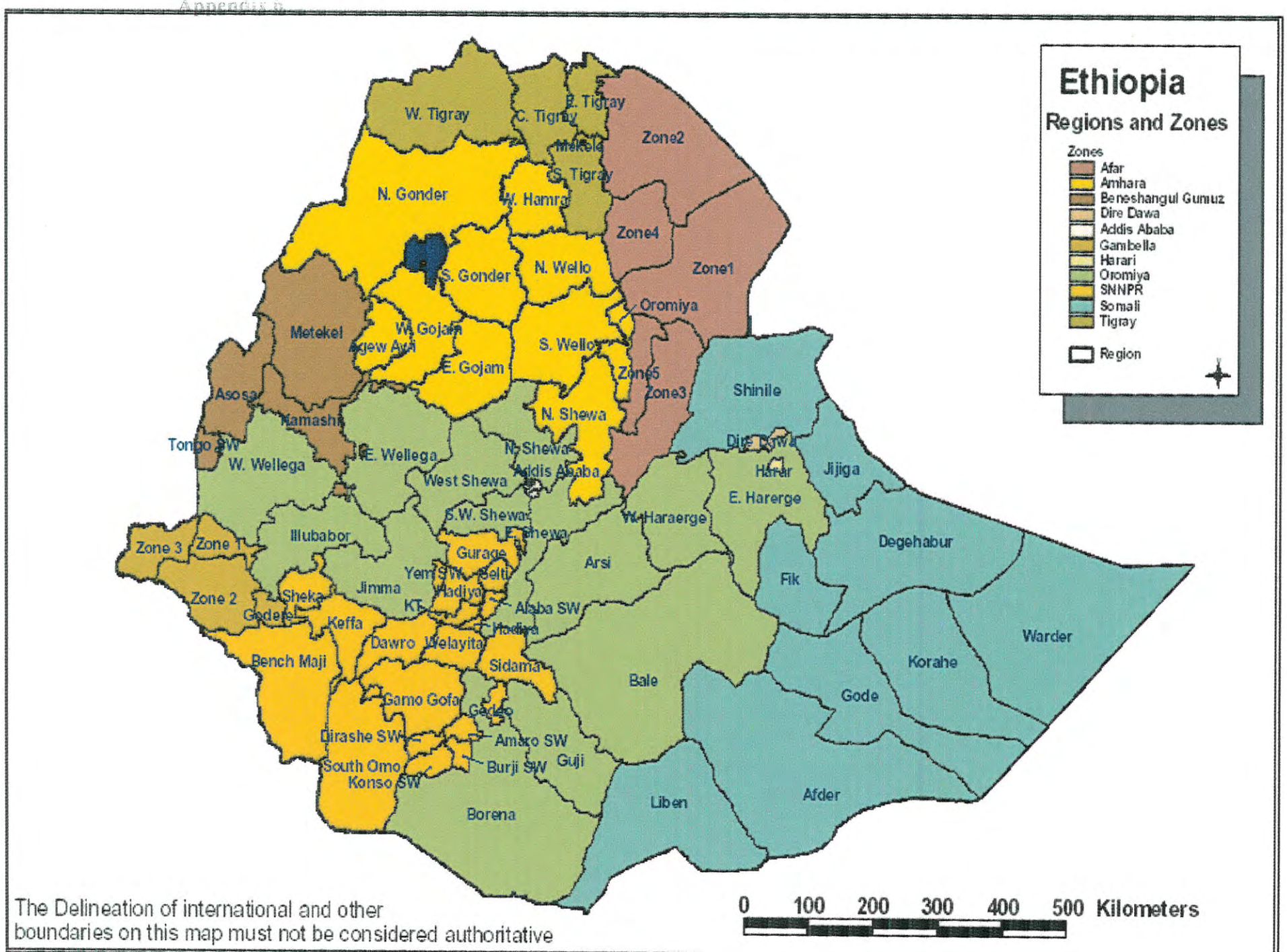
-Safeguard peace and security in the locality.

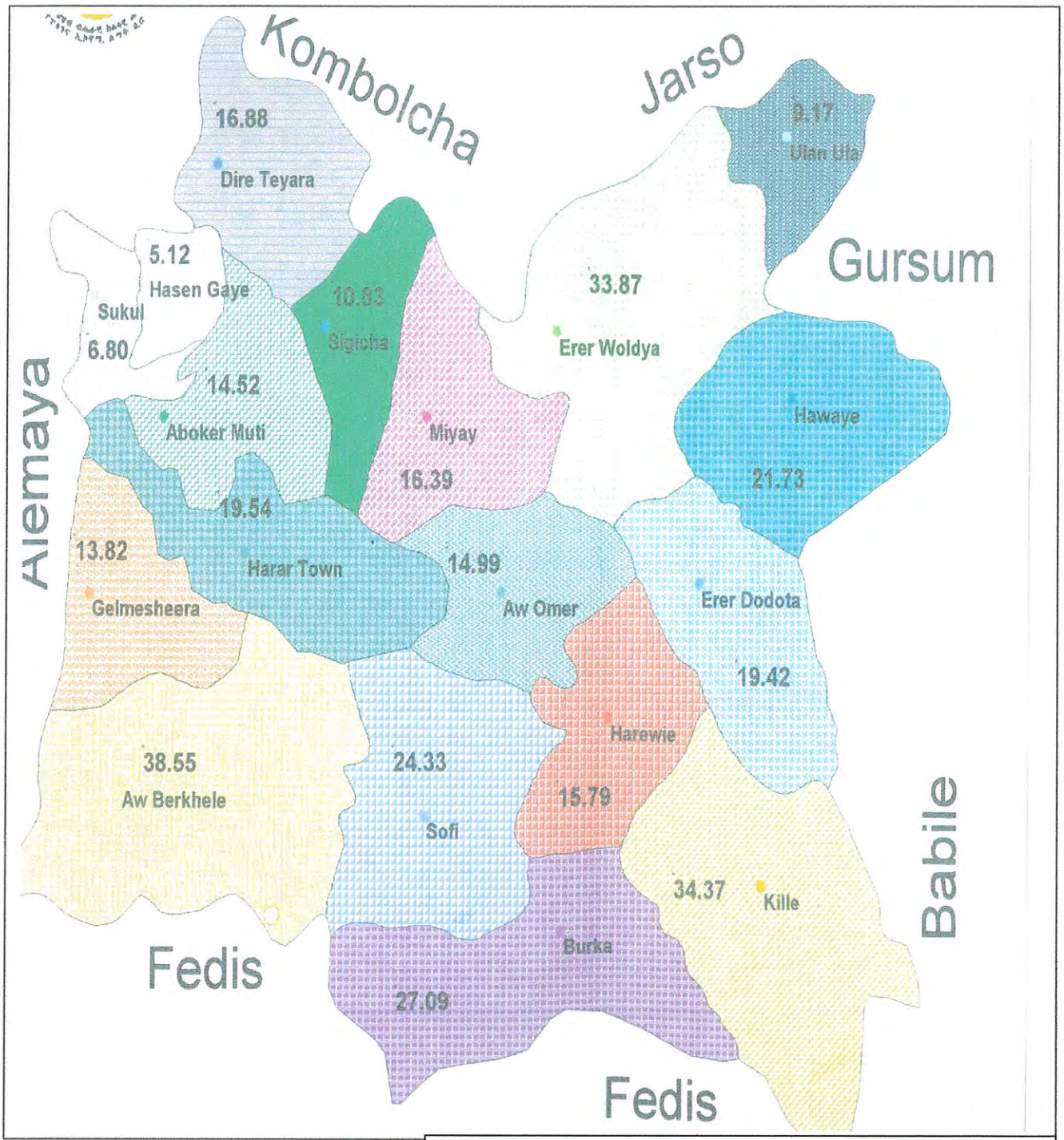
-To ensure the preservation of historical sites and heritages

-To control illegal trade and construction.

Source: Harar Negarit Gazeta, proclamation No 44/2004

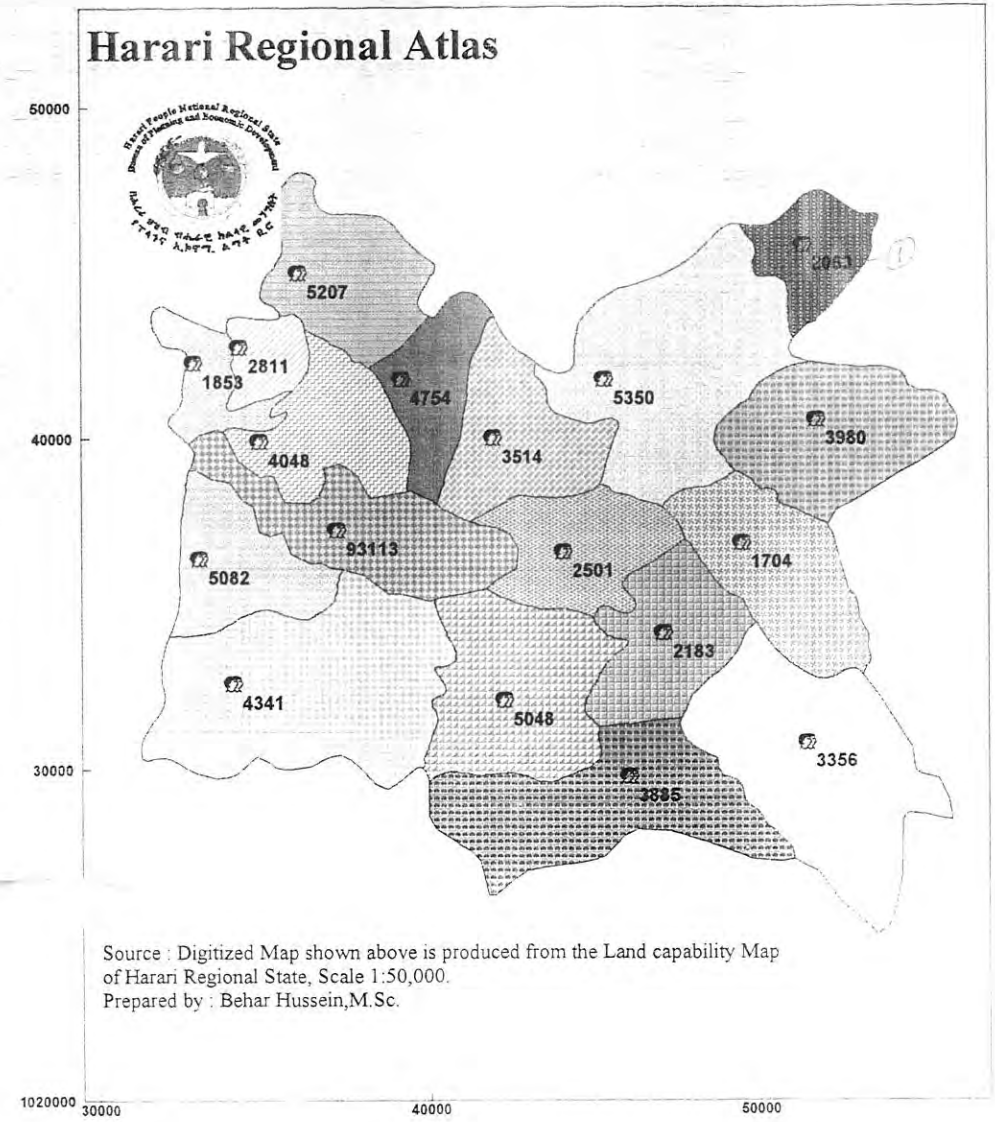

Regional States of Ethiopia
Tigray
Afar
Amhara
Benishangul
Dire Dawa
Addis Ababa
Harar
Gambella
Oromia
SNNPR
Somali
All Borders are unofficial and approximate
Design: IOER 2006 based on UNDP-EUE 1996


Ethiopia
Regions and Zones
Zones
Afar
Amhara
Beneshangul Gumuz
Dire Dawa
Addis Ababa
Gambella
Harari
Oromiya
SNNPR
Somali
Tigray
Region
W. Tigray
C. Tigray
E. Tigray
Mekele
Zone2
N. Gonder
S. Tigray
W. Hamra
Zone4
Zone1
S. Gonder
N. Wello
Oromiya
Metekel
W. Gojam
Agew Awi
S. Wello
E. Gojam
Zone5
Zone3
Shinile
Asosa
N. Shewa
Kamashi
Dire Dawa
Tongo SW
E. Wellega
N. Shewa
Harar
Jijiga
W. Wellega
Addis Ababa
West Shewa
E. Harerge
S.W. Shewa
W. Haraerge
E. Shewa
Illubabor
Degehabur
Zone 3
Zone
Gurage
Arsi
Fik
Yem SW
Selti
Jimma
Hadiya
Zone 2
Sheka
KT
Alaba SW
Gedeo
Keffa
Hadiya
Warder
Dawro
Welayita
Korahe
Bench Maji
Sidama
Bale
Gamo Gofa
Gode
Dirashe SW
Amaro SW
Guji
South Omo
Burji SW
Konso SW
Liben
Afder
Borena
0 100 200 300 400 500 Kilometers
The Delineation of international and other
boundaries on this map must not be considered authoritative



Harari Region With Administrative Area in KM²

Source: Harari Regional Atlas



Source : Digitized Map shown above is produced from the Land capability Map of Harari Regional State, Scale 1:50,000.
Prepared by : Behar Hussein,M.Sc.

Map 8

Projected Population Size (1999)

Legend

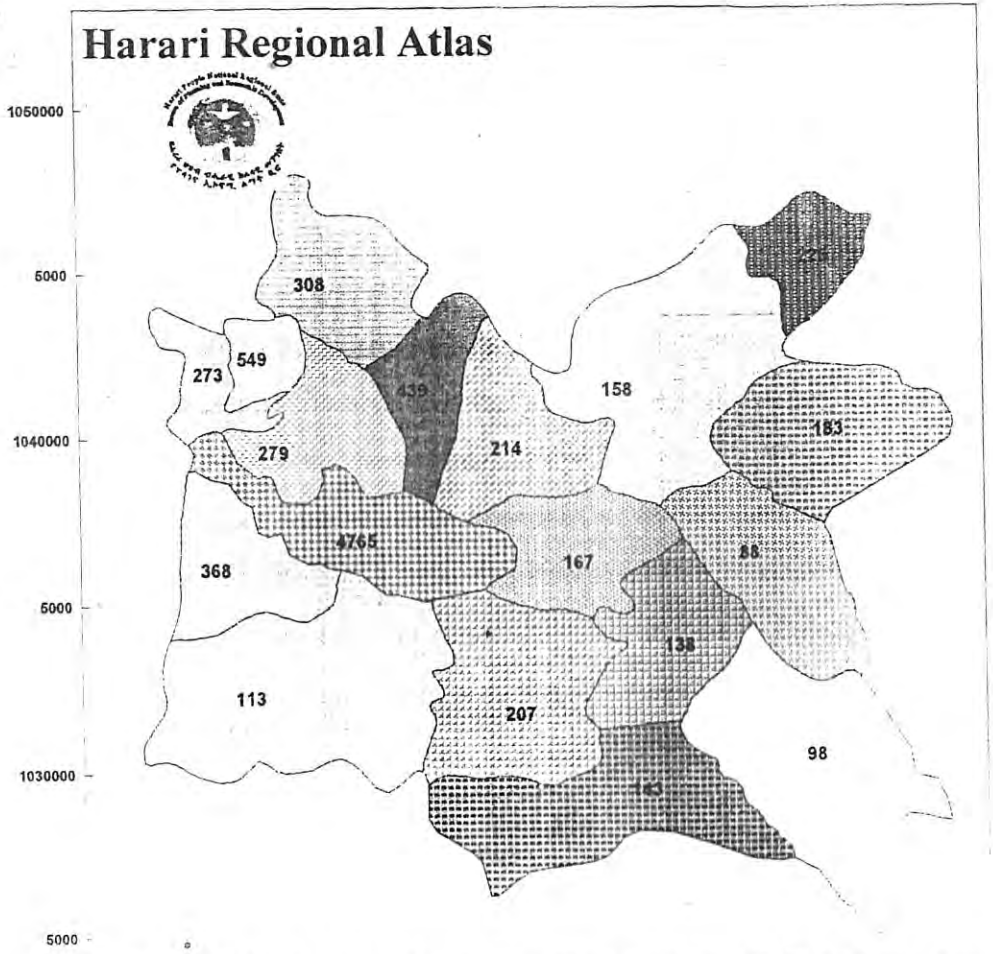
- Sukul
- Hasen Gaye
- Dire Teyara
- Sigicha
- Miyay
- Erer Woldya
- Ulan Ula
- Hawaye
- Erer Dodota
- Aw Omer
- Aboker Muti
- Gelmesheera
- Aw Berkhele
- Sofi
- Harewie
- Kille
- Burka
- Harar Town

N

0 10000

1 : 161000

Appendix 9



Map 11

Population Density (1999)

Source : Digitized Map shown above is produced from the Land capability Map of Harari Regional State, Scale 1:50,000.
Prepared by : Behar Hussein,M.Sc.

DECLARATION

his thesis is my original work and has not been presented for a degree in any university organization. All sources of material used for the thesis have been duly acknowledged.

eclared by:

ame: Abdulhamid Abubeker

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his thesis has been submitted for examination with my approval as a university advisor.

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ame: Dr Meheret Ayenew

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